

**This booklet contains:**

[Form 568](#), Limited Liability Company Return of Income

[Schedule D \(568\)](#), Capital Gain or Loss

[Schedule K-1 \(568\)](#), Member's Share of Income, Deductions, Credits, etc.

[Schedule K-1 NR \(568\)](#), Nonresident Member's Share of Income, Deductions, Credits, etc.

[FTB 3522](#), Limited Liability Company Tax Voucher

[FTB 3537](#), Payment Voucher for Automatic Extension for Limited Liability Companies

[FTB 3885L](#), Depreciation and Amortization

[FTB 3832](#), Limited Liability Company's List of Members and Consents

Members of the  
Franchise Tax Board

Gray Davis, Chairman  
Brad Sherman, Member  
Russell Gould, Member



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# 1994 Instructions for Form 568

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 1993**, and to the California Revenue and Taxation Code (R&TC).

## General Information

### A Important Information

**Federal Conformity.** In general, California did not conform its law to changes made to the IRC by the federal Revenue Reconciliation Act of 1993 (Public Law 103-66). California legislation during 1994 did adopt specific provisions of the 1993 federal changes and these provisions are specifically identified when appropriate. All other references in these instructions are to the IRC as it existed on January 1, 1993.

**Corporation for tax purposes?** Limited liability companies (LLCs) classified as corporations for tax purposes are required to file Form 100, Corporation Income or Franchise Tax Return. Get the 1994 Corporation Tax Booklet for more information.

### B Introduction

The California Limited Liability Act of 1994 (Stats.1994, Ch.1200) authorizes the formation of LLCs in California and recognizes out-of-state LLCs doing business in California. LLCs combine traditional corporate and partnership characteristics. LLC members are afforded:

- limited liability with the extent of a member's liability limited to their equity investment;
- flexible management alternatives; and
- liberal membership qualification requirements.

The taxation of an LLC in California depends upon its classification either as a partnership or a corporation for federal tax purposes. If an LLC is classified as a corporation for federal tax purposes, it must file Form 100, California Corporation Franchise or Income Tax Return. LLCs classified as corporations will be subject to any applicable provisions of California's Bank and Corporation Tax Law, including the requirement that corporations prepay the \$800 minimum franchise tax to the California Office of the Secretary of State at the time they organize or qualify to do business.

If an LLC is classified as a partnership for tax purposes, it must file Form 568, Limited Liability Company Return of Income, included in this booklet. Hereinafter, the term LLC means only an LLC which is classified as a partnership for California tax purposes. LLCs classified as partnerships generally will determine their California income, deductions and credits under the Personal Income Tax Law and will be subject to an annual \$800 LLC tax (due on the 15th day of the fourth month of the LLC's taxable year) as well as an annual fee based on total income. See page 4 of these instructions for more information.

In applying existing entity classification standards to LLCs, through Revenue Rulings and Private Letter Rulings in most cases the Internal Revenue Service (IRS) has generally classified some LLCs as partnerships for federal income tax purposes, although the rulings have recognized corporate classification in some cases. The IRS has ruled previously that an LLC may have no more than two of the following four corporate characteristics to qualify for partnership treatment.

1. **Continuity of Life:** An organization possesses the corporate characteristic of continuity of life if the death, resignation, retirement, dissolution or bankruptcy of any member will not cause the dissolution of the organization.
2. **Centralization of Management:** An organization possesses the corporate characteristic of centralized management if any person or group which does not include all of the organization's members has continuing and exclusive authority to make management decisions necessary for the conduct of the business purpose for which the organization was formed.

3. **Limited Liability:** An organization possesses the corporate characteristic of limited liability if under state law no member is personally liable for claims against the organization.
4. **Free Transferability of Interests:** An organization possesses the corporate characteristic of free transferability of interests if the members owning substantially all of the interests in the organization have the power to transfer all of the rights and attributes of ownership to a nonmember without the approval of the other members.

The California LLC Act is flexible regarding the organization of an LLC and therefore LLCs are classified as corporations or partnerships in California on an organization-by-organization basis.

LLCs organized in California are vested with all the rights and powers enjoyed by a natural person in carrying out business affairs. California law, however, does not allow the formation or registration of LLCs (foreign or domestic) in California to render any type of professional service for which a license, certification or registration is required under the Business and Professions Code or the Chiropractic Act.

California law requires that LLCs register with the California Office of the Secretary of State before commencing intrastate business in California. The laws of the state in which the LLC is organized generally govern the internal affairs of the LLC. The Office of the Secretary of State may not deny recognition to an LLC because the laws of the organization's home state differ from California's laws, except in the case of foreign professional service LLCs which are not allowed to register as LLCs in California.

For more information about organizing and registering an LLC in California, contact:

**California Secretary of State  
Limited Liability Company Unit  
P.O. Box 944228  
Sacramento, CA 94244-2280**

### C Purpose of Form

Use Form 568, Limited Liability Company Return of Income, to report income, deductions, gains, losses, etc., from the operation of an LLC, to show payment of the \$800 LLC annual tax and to determine the amount of the LLC's annual fee based on total income. Form 568, included in this booklet, is a return for calendar year 1994 or other fiscal year beginning in 1994.

### D Who Must File

Every LLC which is classified as a partnership for California tax purposes that is:

- doing business in California;
- organized in California; or
- organized in another state but registered with the California Office of the Secretary of State

must file Form 568.

Regardless of where the trade or business of the LLC is conducted, an LLC taxable as a partnership is considered doing business if any of its members, managers or other agents are conducting business in California on behalf of the LLC. In such a case, an LLC is required to file Form 568.

LLCs organized under the laws of another state which are classified as partnerships for federal tax purposes are classified as partnerships for California tax purposes. LLCs organized under the laws of another state, regardless of how they are classified for tax purposes, are required to register with the California Office of the Secretary of State to transact intrastate business in California.

A resident member of a nonresident LLC may be required to furnish a copy of federal Form 1065, U.S. Partnership Return of

Income, to determine whether there is any California tax liability on the member's share of LLC income.

## E When and Where to File

An LLC must file Form 568 by the 15th day of the 4th month following the close of its taxable year.

Mail Form 568 with payment to:

**Franchise Tax Board**  
**P.O. Box 942867**  
**Sacramento, CA 94267-0001**

Make the check or money order payable to the "Franchise Tax Board." Write the LLC's Secretary of State file number and the LLC's federal employer identification number (F.E.I.N.) and 1994 Form 568 on the check or money order.

If the LLC cannot file Form 568 by the due date, it is granted an automatic six month extension without filing a request for extension.

**Note:** The automatic extension does not extend the time to pay the LLC tax or the fee. See form FTB 3537, Payment Voucher for Automatic Extension for Limited Liability Companies included in this booklet on page 37, to submit the required payment if the LLC is filing the return on extension.

## F Limited Liability Company Tax and Fee

### Limited Liability Company Tax

LLCs doing business in California or that have articles of organization accepted, or a certificate of registration issued by the Office of the Secretary of State, are subject to an annual tax of \$800. The LLC tax must be paid for each taxable year until a certificate of dissolution or a certificate of cancellation of registration or of articles of organization is filed with the Office of the Secretary of State. The tax is prepaid for the privilege of doing business in California. The tax is due and payable on or before the 15th day of the fourth month after the beginning of the taxable year.

For taxable years beginning in 1994, if an LLC chooses a taxable year and the taxable year's fourth month has passed before the LLC commences business in California or registers with the California Office of the Secretary of State, the LLC annual tax should be paid as soon as possible after commencing business or registering with the California Office of the Secretary of State. Use form FTB 3522, Limited Liability Company Tax Voucher, to submit payment of the \$800 LLC tax.

### Limited Liability Company Fee

In addition to the LLC tax, every LLC must pay an annual fee equal to:

- \$500, if the total income from all sources reportable to California (Form 568, Schedule Q, line 11) for the taxable year is \$250,000 or more, but less than \$500,000;
- \$1,000, if the total income from all sources reportable to California (Form 568, Schedule Q, line 11) for the taxable year is \$500,000 or more, but less than \$1,000,000;
- \$2,000, if the total income from all sources reportable to California (Form 568, Schedule Q, line 11) for the taxable year is \$1,000,000 or more, but less than \$5,000,000; or
- \$4,000, if the total income from all sources reportable to California (Form 568, Schedule Q, line 11) for the taxable year is \$5,000,000 or more.

To determine an LLC's annual fee, "total income" means gross income (as defined in R&TC Section 24271) plus the cost of goods sold that are connected with the LLC's trade or business.

**To determine the LLC's total income from all sources that are reportable to California, take into account the aggregate total income of all entities commonly controlled by the LLC. "Commonly controlled" means control of 50% or more of the entities voting stock.**

The fee is due on or before the 15th day of the fourth month after the close of the LLC's taxable year.

## G Penalties and Interest

For LLCs that must pay the \$800 LLC tax, a penalty for late payment of the tax will be assessed. Any LLC that fails to pay the required tax by the original due date is assessed a penalty of 5 percent of the unpaid tax, plus 0.5 percent for each month, or part of a month (not to exceed 40 months) the tax remains unpaid. This penalty cannot exceed 25 percent of the unpaid tax.

**Note:** A penalty may also be charged for a check drawn on insufficient funds. In addition, fees may be charged for the cost of collection if an LLC fails to file a return or fails to pay a tax or fee.

The federal exception to the imposition of penalties for failure to file partnership returns that is provided to "small partnerships" (defined in IRC Section 6231) applies to LLCs classified as partnerships for federal tax purposes, but is not applicable for California purposes. Get FTB Notice CR-88-692 for more information.

**Note:** No penalty will be assessed for failure to pay a tax that is due prior to January 3, 1995.

Interest will be charged on any LLC tax or fee not paid by the due date.

## H Accounting Methods

Compute ordinary income by the accounting method regularly used to maintain the LLC's books and records. This method must clearly reflect income.

LLCs given permission to change their accounting method for federal purposes should see Section IRC 481 for information relating to the adjustments required by changes in accounting method.

### Rounding to Whole-Dollar Amounts

We encourage you to show the money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next whole dollar.

## I Accounting Periods

LLC returns normally must be filed for an accounting period that includes 12 full months. A short period return may be filed if the LLC originates or terminates within the taxable year.

See the instructions for federal Form 1065 for information on the required taxable year of a partnership, which applies to LLCs.

## J Amended Return

If, after the LLC files its return, it becomes aware of changes it must make to income, deductions, credits, etc., the LLC should file an amended Form 568 and an amended Schedule K-1 (568), Member's Share of Income, Deductions, Credits, Etc., or an amended Schedule K-1 NR (568), Nonresident Member's Share of Income, Deductions, Credit, etc., for each member. Check the amended return box in Item I on Side 1 of Form 568. Give a corrected Schedule K-1 (568) or Schedule K-1 NR (568) to each member labeled "Amended."

If the LLC's federal partnership return is changed for any reason, the federal change may affect the LLC's California return. This would include changes made as a result of an examination of the partnership's federal return by the IRS. The LLC must file an amended return within six months of the final federal adjustments. The LLC should attach a copy of the Federal Agent's Report to the return. The members may also be required to file amended returns within six months from the date of the final federal adjustments, based on any changes made by the IRS.

## K Required Information Returns

Every LLC must file information returns if, in the course of its trade or business, it makes payments of rents, salaries, wages, annuities or other fixed or determinable income totaling \$600 or more; interest and dividends totaling \$10 or more; and cash

payments over \$10,000 received in a trade or business. Payments of any amount by a broker, dealer or barter exchange agent must also be reported.

LLCs must report payments made to California residents by providing copies of federal Form 1099 (series). Reports are made for the calendar year and generally are due on February 28th of the year following payment. For nonresidents, see the reporting and withholding requirements on Form 592, Nonresident Withholding Annual Tax Return, Form 592-A, Nonresident Withholding Remittance Statement, and Form 592-B, Nonresident Withholding Tax Statement. LLCs must also submit federal Form 8300, Report of Cash Payment Over \$10,000 Received in a Trade or Business, within 15 days after the date of the transaction.

LLCs must use form FTB 3834, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, to report interest due or to be refunded under the look-back method on long-term contracts.

## L Special Items

California LLC law generally follows federal partnership law in the areas of:

- IRC Section 702(a) items;
- elections;
- distributions of unrealized receivables and inventory items;
- members' dealings with the LLC;
- contributions to the LLC;
- income of foreign nonresident members subject to withholding at source, Forms 592, 592-A and 592-B;
- at-risk rules;
- passive activity limitations;
- net operating loss deduction (an LLC is not allowed the deduction for net operating losses for California or federal purposes);
- publicly traded partnerships;
- long-term contracts;
- installment sales;
- vacation pay;
- amortization of past service costs;
- distributions of contributed property by an LLC; and
- recognition of precontribution gain in certain LLC distributions to members.

See the instructions for federal Form 1065 for specific information about these areas.

## M Signatures

Form 568 is not a valid return unless it is signed by an authorized member or manager of the LLC. If a receiver, trustee in bankruptcy or assignee controls the organization's property or business, that person must sign the return.

### **Paid Preparer's Information**

If someone prepares the return and does not charge the LLC, that person should not sign the LLC return.

Generally, anyone who is paid to prepare the LLC return must sign the return and complete the Paid Preparer's Use Only area of the return.

The paid preparer must:

- complete the required preparer information;
- sign in the space provided for the preparer's signature (signature stamps or labels are not acceptable); and
- give the LLC a copy of the return in addition to the copy filed with the Franchise Tax Board (FTB).

## N Group Returns

Individual nonresident members of an LLC doing business or deriving income from sources in California may elect under R&TC Section 18535 to file a group return in lieu of filing an individual Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. This is allowable only if the non-

resident member has no California source income other than that reported on LLC group returns. Any nonresident member having California source income from other sources should not be included in the group return. Instead they should file Form 540NR. The tax rate on group returns is at the highest marginal rate. No deductions are allowed except those necessary to determine each member's distributive share and certain deductions provided for by Chapter 5, Division 2, Part 10 of the Revenue and Taxation Code (commencing with Section 17501). The deductions allowed are those attributable to earned income of a member derived from an LLC filing a group return on behalf of electing nonresident members if the member has no earned income from any other source. No credits shall be allowed except those directly attributable to the LLC. Include form FTB 3864, Group Nonresident Return Election, when the group return is filed. For more information, get FTB Pub. 1073, Guidelines for Filing a Group Nonresident Return for Partners/Members of a Partnership/Limited Liability Company, or contact:

**Franchise Tax Board**  
**Attn: Resource Development Section**  
**P.O. Box 1468**  
**Sacramento, CA 95812-1468**  
**Telephone: (916) 845-3465**

## O Investment Partnerships

Income of nonresident members, including a bank or corporation, derived from "qualified investment securities" of an LLC which qualifies as an "investment partnership" is considered to be income from sources other than California, except as noted below. Therefore, nonresident members generally will not be taxable on this income. The LLC should inform its nonresident members if all or a portion of their distributive share of income is from "qualified investment securities" of an "investment partnership."

The nonresident member will be taxable on their distributive share of income from the "investment partnership" if the "qualified investment securities" are interrelated with any other business activity of the nonresident member that is separate and distinct from the investment activity and is conducted in California, or if the "qualified investment securities" are acquired with the working capital of a California trade or business. A bank or corporation would be taxable on its distributive share of income if it participates in the management of the investment activities or it engaged in a unitary business with another taxpayer that participates in managing the investment activities or has income from California sources.

An "investment partnership" is a partnership that meets the following two criteria:

1. No less than 90 percent of the partnership's assets consist of:
  - qualifying investment securities;
  - deposits at banks or other financial institutions; and/or
  - office equipment and office space reasonably necessary to carry on the activities of an investment partnership.
2. No less than 90 percent of the partnership's income is from interest, dividends and gains from the sale or exchange of qualifying investment securities.

"Qualifying investment securities" include:

- common and preferred corporate stock, as well as debt securities convertible into common stock;
- bonds, debentures and other debt instruments;
- foreign and domestic currency deposits and securities convertible into foreign securities;
- mortgage or asset-backed securities secured by governmental agencies;
- repurchase agreements and loan participations;
- foreign currency exchange contracts and forward and futures contracts on foreign currencies;

- stock and bond index securities and futures contracts, and other similar securities;
- regulated futures contracts; and
- options to purchase and sell any of the preceding qualified investment securities, except regulated futures contracts.

“Qualifying investment securities” do not include an interest in a partnership, unless the partnership qualifies as an “investment partnership.”

## P Nonresident Members

An LLC is required to file form FTB 3832, Limited Liability Company's List of Members Consents, with Form 568. Form FTB 3832 is an agreement signed by the nonresident members requiring them to:

- file a California income tax return;
- pay all taxes imposed on their share of income from the LLC on time; and
- be subject to personal jurisdiction in California for purposes of the collection of income taxes, interest and penalties.

If the LLC fails to file form FTB 3832 on behalf of any nonresident member on time, then the LLC is responsible for payment of tax on the nonresident members' distributive share of income determined at the highest marginal rate. Any amount paid by the LLC on behalf of a nonresident member will be considered a payment made by the member.

An LLC may recover from the nonresident member the payment of tax paid on behalf of the nonresident member.

## Q Dissolving an LLC

An LLC must file a certificate of dissolution with the Secretary of State in order to wind up and dissolve in California. Along with the LLC's certificate of dissolution, a person must file a statement assuming responsibility for any taxes or fees which may become due after the LLC's dissolution. For more information concerning the dissolution of an LLC, obtain form FTB 3555, Assumption of Tax Liability/Tax Clearance Certificate – Supplemental Information.

## Specific Instructions

### Form 568

#### Fill In All of the Applicable Lines and Schedules

Enter any items specially allocated to the members on the appropriate line of the applicable member's Schedule K-1 (568) or Schedule K-1 NR (568) and the total amount on the appropriate line of Schedule K (568). Do not enter these items directly on Form 568, Side 1, or on Schedule A or Schedule D.

#### Name, Address, Secretary of State File Number and Federal Employer Identification Number (F.E.I.N.)

The LLC may use its legal or trade name on all tax returns and other documents filed.

#### Item F – Total Assets at End of Taxable Year

See the instructions for Question S before completing this item.

If you are required to complete this item, enter the total assets at the end of the LLC's taxable year, as determined by the accounting method regularly used in maintaining the LLC's books and records. If there are no assets at the end of the taxable year, enter the total assets as of the beginning of the taxable year.

**Question M** – If Question M is answered “yes” see the federal partnership instructions concerning an election to adjust the basis of the LLC's assets under IRC Section 754.

**Question O** – Ownership control changes each time one person or one entity obtains ownership or control of **cumulatively** more than 50% or more of the outstanding LLC interest.

**Question P** – R&TC Sections 18662 and 18666 require taxes to be withheld from certain payments or allocations of income and remitted to the FTB. For purposes of these requirements, an LLC will be treated as a partnership.

#### 1. Foreign Nonresident Members

As described in IRC Section 1446 and modified by R&TC Section 18666, if an LLC has any income, gain or loss from a trade or business within California, and if any portion of that income, gain or loss is allocable under IRC Section 704 to a foreign member, the LLC is required to withhold tax on that amount allocable to a member who is not a United States person.

**State and federal differences** — California generally conforms to IRC Section 1446 and corresponding federal rulings and procedures. The main differences between California and federal laws are:

- The California withholding rate is 9.3 percent for corporations and 11 percent for individuals, partnerships, LLCs and fiduciaries.
- Amounts that are attributable to income from the disposition of California real estate, as defined in R&TC Section 18662, may not be excluded from the amount to be withheld upon under IRC Section 1446 for state purposes.

#### 2. Domestic Nonresident Members

R&TC Section 18662 requires the withholding of funds for income or franchise taxes by an LLC when it makes a distribution of income to a domestic nonresident member. This includes prior year income that should have been, but was not previously reported as income from California sources on the member's California income tax return. However, withholding is not required if distributions of income from California sources to the member are \$1,500 or less during the calendar year. Domestic nonresident members include individuals who are nonresidents of California and corporations that are not qualified to do business in California or do not have a permanent place of business in California. Domestic nonresident members also include nonresident estates and trusts, partnerships and LLCs who do not have a permanent place of business in California. Foreign members covered under R&TC Section 18666 are not domestic nonresident members.

LLCs with income from within and outside of California must make a reasonable estimate of the ratio, to be applied to the distributions, that approximates the ratio of California source income to total income. The ratio for the prior year will generally be accepted as reasonable. LLCs are required to withhold at a rate of seven percent on distributions (including property) of income from California sources made to domestic nonresident members.

The FTB has administrative authority to allow reduced withholding rates, including waivers, when requested in writing. These authorizations may be one-time, annual or for a longer period. Waivers or reduced withholding rates will normally be approved when distributions are made by publicly-traded partnerships, and on distributions to brokerage firms, tax-exempt organizations and tiered LLCs.

No withholding is required if the distribution is a return of capital or does not represent taxable income for the current or prior years. Although a waiver is not required in this situation, if upon audit the FTB determines that withholding should have been made on a distribution, the LLC may be liable for the withholding and penalties.

## Send waiver requests and inquiries to:

Franchise Tax Board  
Withhold at Source Unit  
P.O. Box 651  
Sacramento, CA 95812-0651  
Telephone: (916) 845-4900

The withholding should be reported on and remitted with Forms 592, 592-A and 592-B.

The taxable income of nonresident members is the distributive share not the distributed amount. For more information, get FTB Pub. 1017, Nonresident Withholding — Partnership Guidelines.

**Question Q** – Explain in a separate schedule any differences between federal ordinary income (loss) and the amount shown on line 22.

**Question S** – If Question 5a through Question 5c on federal Form 1065, Schedule B, are all answered “yes,” answer “yes” to Question S on Form 568.

If Question S is answered “yes,” the LLC is not required to complete Schedules L, M-1 and M-2 or Item F, on Side 1 of Form 568 or Item H on Schedule K-1 (568) or Schedule K-1 NR (568).

## Specific Line Instructions

## Income

**Line 1a through**

**Line 8** – California’s reporting requirements for LLCs are generally the same as the federal reporting requirements for partnerships. Follow the instructions for federal Form 1065, line 1a through line 8.

As with the federal requirement, include only trade or business activity income on line 1a through line 8. However, business income of the LLC is defined using the rules set forth in R&TC Section 25120. Therefore, certain income that may be portfolio income for federal purposes may be business income for California sourcing purposes. Do not include rental activity income or portfolio income on these lines. Rental activity income and portfolio income are separately reported on Schedule K (568) and Schedule K-1 (568) or Schedule K-1 NR (568) (rental real estate activities are also reported on federal Form 8825, Rental Real Estate Income and Expenses of a Partnership or an S Corporation).

**Line 5 – Net Farm Profit (Loss)**

Enter the LLC’s net profit (loss) from federal Schedule F (Form 1040), Farm Income and Expenses. Attach federal Schedule F (Form 1040) to Form 568. If the amount includable for California purposes is different from the amount on federal Schedule F (Form 1040), enter the California amount and attach an explanation of the difference.

**Line 6 – Net Gain (Loss) from Schedule D-1**

Include only ordinary gains or losses from the sale, exchange or involuntary conversion of assets used in a trade or business activity. Ordinary gains or losses from the sale, exchange, or involuntary conversion of rental activity assets must be reported separately on Schedule K (568) and Schedule K-1 (568) or Schedule K-1 NR (568), generally as part of the net income (loss) from the rental activity.

An LLC that is a member in another LLC or partner in a partnership must include on Schedule D-1, Sales of Business Property, its share of ordinary gains (losses) from sales, exchanges or involuntary conversions (other than casualties or thefts) of the other LLC’s trade or business assets.

## Deductions

**Line 9 through**

**Line 21** – California’s reporting requirements for LLCs are generally the same as the federal reporting requirements for partnerships. Follow the instructions for federal Form 1065, line 9 through line 21.

As with the federal requirement, include only trade or business activity deductions on line 9 through line 20. Do not include any rental activity expenses or deductions allocable to portfolio income on these lines. Rental activity deductions and deductions allocable to portfolio income are separately reported on Schedule K (568) and Schedule K-1 (568) or Schedule K-1 NR (568).

Federal reporting requirements for organization and syndication expenses and uniform capitalization rules apply for California.

**Line 9 – Salaries and Wages**

California does not require an LLC to reduce salaries and wages by the amount of the jobs credit.

**Line 16a – Depreciation and Amortization**

Enter on line 16a only the total depreciation and amortization claimed on assets used in a trade or business activity. Complete and attach form FTB 3885L, Depreciation and Amortization (included in this booklet on page 27 and page 29), to figure depreciation and amortization. Transfer the total from form FTB 3885L, line 5 to Form 568, Side 1, line 16a, or federal Form 8825, as appropriate (use California amounts). See the instructions for form FTB 3885L for more information.

Do not include any expense deduction for recovery property (IRC Section 179/R&TC Sections 17252.5, 17265 and 17266) on this line. This amount is not deducted by the LLC. Instead, it is passed through separately to the members and is reported on line 9 of Schedule K (568) and Schedule K-1 (568) or Schedule K-1 NR (568).

## Specific Instructions

Schedule A —  
Cost of Goods Sold

Use Schedule A on Side 2 of Form 568 to report the cost of goods sold for the taxable year.

California’s reporting requirements for LLCs are generally the same as the federal reporting requirements for partnerships. Follow the instructions for federal Form 1065, Schedule A.

Schedule L —  
Balance Sheets

California’s reporting requirements for LLCs are the same as the federal reporting requirements for partnerships. Follow the instructions for federal Form 1065, Schedule L.

**Note:** Domestic LLCs with 10 or fewer members may not have to complete Schedule L. See the instructions for Question S on page 6 for the specific requirements to qualify for this exception.

## Schedule M-1, Reconciliation of Income (Loss) per Books With Income (Loss) per Return, Schedule M-2, Analysis of Members' Capital Accounts and Schedule K-1 (568) or Schedule K-1 NR (568), Item H — Analysis of Members' Capital Accounts

**Note:** Domestic LLCs with 10 or fewer members may not have to complete Schedule M-1 and Schedule M-2 or Item H (Schedule K-1 (568) or Schedule K-1 NR (568)). See the instructions for Question S on page 7 for the specific requirements to qualify for this exception.

If the LLC is required to complete Schedule M-2, the amounts shown should agree with the LLC's books and records and the balance sheet amounts. Attach a statement explaining any differences.

**Note:** Be sure to use California amounts when filling out these schedules.

Also, the amounts on Schedule M-2 should equal the total of the amounts reported in Item H of the members' Schedule K-1 (568) or the members' Schedule K-1 NR (568).

## Schedule O — Liquidated Assets Used to Capitalize a Limited Liability Company

Schedule O is a summary of the entities liquidated and the amount of the assets liquidated to capitalize the LLC.

Include the names and identification numbers of all entities liquidated. Check the appropriate box for the type of entity liquidated. Include the amount of liquidation gains used to capitalize the LLC.

## Schedule Q — Total Income

Use Schedule Q to compute the LLCs total income. The total income will be used to determine the amount of the fee due for the taxable year.

## Schedule T — Nonresident Members Tax Liability

Use Schedule T to compute the nonresident member's tax liability to be paid by the LLC. Include the names and identification numbers of all nonresident members who failed to sign form FTB 3832. Also include the distributive share of income multiplied by the highest marginal tax rate.

To compute the amount of tax that must be paid by the LLC on behalf of a nonresident member, multiply the member's distributive share of income by the following tax rates:

- 9.3 percent if the member is a corporation; or
- 11 percent if the member is an individual, an estate or trust.

The tax being paid by the LLC on behalf of nonresident members is due on the 15th day of the fourth month following the close of the LLCs taxable year.

## Schedule K (568), Schedule K-1 (568) and Schedule K-1 NR (568) — Members' Share of Income, Deductions, Credits, etc.

### Purpose of Schedules

Schedule K (568) is a summary schedule of all the members' shares of the LLC's income, deductions, credits, etc. Schedule K-1 (568) and Schedule K-1 NR (568) shows each member's and nonresident member's separate share. One copy of each Schedule K-1 (568) or Schedule K-1 NR (568) must be attached to Form 568 when it is filed with the FTB. One copy must be kept with a copy of the LLC return as a part of the LLC's records. One copy must be given to each member.

**Note:** Be sure to give each member a copy of either the Member's Instructions for Schedule K-1 (568) or Schedule K-1 NR (568) or specific instructions for each item reported on the member's Schedule K-1 (568) or Schedule K-1 NR (568).

### Substitute Forms

You do not need approval from the FTB to use a substitute Schedule K-1 (568) or Schedule K-1 NR (568) if it is an **exact** facsimile of the California Schedule K-1 (568) or Schedule K-1 NR (568), or if it contains only those lines the taxpayer is required to use, and the lines have the same numbers and titles and are in the same order as on the California Schedule K-1 (568) or Schedule K-1 NR (568). In either case, your substitute schedule must include the Member's Instructions for Schedule K-1 (568) or Schedule K-1 NR (568) or other prepared specific instructions. Get FTB Pub. 1098, Guidelines for the Development and Use of Substitute, Scannable and Reproduced Tax Forms.

### Filing Schedule K-1 (568) or Schedule K-1 NR (568) on Microfiche

You may report California Schedule K-1 (568) or Schedule K-1 NR (568) information to the FTB on microfiche. Use the following guidelines to report California Schedule K-1 (568) or Schedule K-1 NR (568) LLC information to the FTB on microfiche. Questions regarding this material or microfiche equipment in general may be directed to the FTB's Microfiche Coordinator at (916) 845-3721.

**Note:** The Microfiche Coordinator cannot provide assistance on Schedule K-1 (568) or Schedule K-1 NR (568) information.

1. Use microfiche no larger than 4 inches by 6 inches in size.
2. Use a reduction ratio of 48X. This provides a maximum 270 frames per microfiche.
3. Use a microfiche format of 16 rows by 18 columns.
4. Use grid coordinates.
5. Use a standard print line length of 133 characters at 6 lines per inch.
6. Provide an index.
7. Retain the microfiche master for your files. Send a copy to the FTB.

If you have more than 1000 members we recommend the use of microfiche.

### Schedule K (568) Only

In column (b) on Schedule K (568), enter the worldwide income computed under California law. For members to comply with the requirements of IRC Section 469, trade or business activity income (loss), rental activity income (loss) and portfolio income must be considered separately by the member. Rental activity income (loss) and portfolio income are not reported on Side 1 of Form 568 so that these amounts are not combined with trade or business activity income (loss). Schedule K (568) is used to report the totals of these (and other) amounts.

### Schedule K-1 (568) Only

In column (b) on Schedule K-1 (568), enter the amounts from federal Schedule K-1 (1065). In column (e), enter the California amount, which is the result of differences between state and federal law concerning taxable income or allowable deductions. In column (c), enter the difference between the California and federal amounts. On or before the day on which the LLC return is due, prepare and give a Schedule K-1 (568) to each person who was a member in the LLC at any time during the year.

### Schedule K-1 NR (568) Only

In column (b) on Schedule K-1 NR (568), enter the amounts from federal Schedule K-1(1065). In column (d), enter the California amount which is the result of differences between state and federal law concerning taxable income or allowable deductions. In column (c), enter the difference between California and federal amounts. In column (e), enter the amount reportable to California after apportionment and allocation adjustments. See Specific Instruction F, Other, for separate instructions to mem-

bers on page 35 for reporting apportionment and allocation adjustments. On or before the day the LLC return is due, prepare and give Schedule K-1 NR (568) to each person who is a nonresident member in the LLC at the end of the year.

If a husband and wife each had an interest in the LLC, you must prepare a separate Schedule K-1 (568) or Schedule K-1 NR (568) for each of them. If a husband and wife held an interest together, prepare one Schedule K-1 (568) or Schedule K-1 NR (568) if the two of them are considered to be one member.

On each Schedule K-1 (568) or Schedule K-1 NR (568), enter the name, address and state or federal identifying number of the member and LLC and the member's distributive share of each item.

For an individual member, you must enter the member's social security number. For all other members, you must enter their federal employer identification number. However, if a member is an individual retirement arrangement (IRA), enter the identifying number of the custodian of the IRA. Do not enter the social security number of the person for whom the IRA is maintained.

Regardless of the classification of income for federal purposes, the LLC's income from California sources is determined in accordance with Uniform Division of Income for Tax Purposes Act, Sections 25120-25139 inclusive of the R&TC. Therefore, the LLC must provide information to each member to identify the items and amounts of California source income on Schedule K-1 NR (568). See 18 Cal. Code Reg. Sections 17951-4 and 25137-1 for more information.

#### Special Reporting Requirements for Passive Activities

If items of income (loss), deduction or credit from more than one activity are reported on Schedule K-1 (568) or Schedule K-1 NR (568), the LLC must attach a statement to Schedule K-1 (568) or Schedule K-1 NR (568) for each activity that is a passive activity to the member. Rental activities are passive activities to all members; trade or business activities can be passive activities to some members.

The attachment must include all the information explained in the instructions for federal Schedule K-1 (1065).

#### Questions A and B (Schedule K-1 (568) and Schedule K-1 NR (568))

See the federal instructions for Questions A and B on federal Schedule K-1 (1065).

#### Question C (Schedule K-1 (568) and Schedule K-1 NR (568))

Check the appropriate boxes at Question C relating to the member's California residency status.

#### Specific Line Instructions

The California Schedule K (568) generally follows the federal Schedule K (1065). Where California and federal laws are the same, the instructions for California Schedule K (568) refer to the instructions for federal Schedule K (1065).

## Income

Line 1  
through

Line 7 – See the federal instructions for Schedule K (1065) and Schedule K-1 (1065), Income (Loss), line 1 through line 7.

**Line 1, column (c)** – An adjustment to increase the business income of a service LLC to reflect the guaranteed payment deduction adjustment required by 18 Cal. Code Reg. Section 17951-4(f) should be made here.

**Line 6** – Enter on line 6 the amount shown on Schedule D-1, line 7. Do not include specially allocated ordinary gains and losses or net gains or losses from involuntary conversions due to casualties or thefts on this line. Instead, report them on line 7.

If the LLC has more than one activity and the amount on line 6 is a passive activity amount to the member, attach a statement to Schedule K-1 (568) or Schedule K-1 NR (568) (or use the space provided on Side 2 of Schedule K-1 (568) or Schedule

K-1 NR (568)) that identifies to which activity the IRC Section 1231 gain (loss) relates.

## Deductions

### Line 8a – Charitable Contributions

Enter the total amount of charitable contributions made by the LLC during its taxable year on Schedule K (568) or Schedule K-1 NR (568) and each member's distributive share on Schedule K-1 (568) or Schedule K-1 NR (568). Attach an itemized list to both schedules that show the amount subject to the 50 percent, 30 percent and 20 percent limitations.

A resident member is allowed a deduction for contributions to qualified organizations as provided in IRC Section 170.

Line 9  
through

Line 11 – See the federal instructions for Schedule K (1065) and Schedule K-1 (1065), Deductions, line 9 through line 11.

## Investment Interest

Line 12a  
through

Line 12b(2) – These lines must be completed whether or not a member is subject to the investment interest rules.

### Line 12a – Interest Expense on Investment Debts

Enter on this line interest paid or accrued to purchase or carry property held for investment. Property held for investment includes property that produces portfolio income (interest, dividends, annuities, royalties, etc.). Therefore, interest expense allocable to portfolio income should be reported on line 12a of Schedule K (568) and Schedule K-1 (568) or Schedule K-1 NR (568) (rather than line 10 of Schedule K (568) and Schedule K-1 (568) or Schedule K-1 NR (568)).

Property held for investment includes a member's interest in a trade or business activity that is not a passive activity to the LLC and in which the member does not materially participate. An example would be a member's working interest in an oil and gas property (i.e. the member's interest is not limited) if the member does not materially participate in the oil and gas activity. Investment interest does not include interest expense allocable to a passive activity.

For more information, get form FTB 3526, Investment Interest Expense Deduction.

### Line 12b(1) and Line 12b(2) – Investment Interest and Expenses

Enter on line 12b(1) only the investment income included on line 4a through line 4e of Schedule K (568) and Schedule K-1 (568) or Schedule K-1 NR (568). Enter on line 12b(2) only investment expense included on line 10 of Schedule K (568) and Schedule K-1 (568) or Schedule K-1 NR (568).

If there are items of investment income or expense included in the amounts that are required to be passed through separately to the member on Schedule K-1 (568) or Schedule K-1 NR (568) (items other than the amounts included on line 4 and line 10 of Schedule K-1 (568) or Schedule K-1 NR (568)), give each member a schedule identifying these amounts.

Investment income includes gross income from property held for investment, gain attributable to the disposition of property held for investment and other amounts that are gross portfolio income. Generally, investment income and investment expense do not include any income or expense from a passive activity.

Property subject to a net lease is not treated as investment property because it is subject to the passive loss rules. Do not reduce investment income by losses from passive activities.

Investment expenses are deductible expenses (other than interest) directly connected with the production of investment

income. Get the instructions for form FTB 3526 for more information on investment income and expenses.

## Credits

### Line 13(a) – Income Tax Withheld

On line 13(a), also include any income tax withheld on behalf of a nonresident member electing not to consent to California's jurisdiction to tax the member's pro rata share of the LLC income by not being included on Form FTB 3832 filed by the LLC.

### Line 13b through

**Line 13d** – These lines relate to rental activities. Use line 14 to report credits related to trade or business activities.

**Note:** California line numbers are different from federal line numbers.

### Line 13b – Low-Income Housing Credit

IRC Section 42 provides a credit that may be claimed by owners of residential rental projects providing low-income housing. The credit is generally effective for buildings placed in service after 1986.

### Line 13c – Credits Related to Rental Real Estate Activities Other Than Line 13b

Report any information that the members need to figure credits related to a rental real estate activity, other than the low-income housing credit. Attach to each member's Schedule K-1 (568) or Schedule K-1 NR (568) a schedule showing the amount to be reported and the applicable form on which the amount should be reported.

### Line 13d – Credits Related to Other Rental Activities

Use this line to report information that the members need to figure credits related to a rental activity. Attach to each member's Schedule K-1 (568) or Schedule K-1 NR (568) a schedule showing the amount to be reported and the applicable form on which the amount should be reported.

### Line 14 – Other Credits

Enter on an attached schedule each member's allocable share of any credit or credit information that is related to a trade or business activity.

Examples of credits that can be reported on line 14 are:

- enterprise zone hiring and sales and use tax credit — get form FTB 3805Z;
- jobs credit — get form FTB 3524;
- orphan drug credit carryover — get form FTB 3540;
- employer child care program/contribution credit — get form FTB 3501;
- program area hiring and sales and use tax credit — get form FTB 3805Z;
- Los Angeles revitalization zone hiring and sales and use tax credit — get form FTB 3806;
- research credit — get form FTB 3523;
- residential rental and farm sales credit carryover — get form FTB 3540;
- commercial solar electric system credit carryover — get form FTB 3540;
- prison inmate labor credit — get form FTB 3507;
- low-emission vehicles credit — contact the California Energy Commission for more information. Use credit code 160; and
- recycling equipment credit — get form FTB 3527.

You may also include on line 14 the distributive share of net income taxes paid to other states by the LLC. Subject to limitations of R&TC Sections 18001 and 18006, members may claim a credit against their individual income tax for net income taxes paid by the LLC to another state. You must support the amount of tax paid with a schedule of the credits and states and evidence of payment of the tax. Get Schedule S, Other State Tax Credit, for more information.

## Adjustments and Tax Preference Items

### Line 15a through

**Line 15e** – Enter each member's distributive share of income and deductions that are preference items. Get Schedule P (540), Alternative Minimum Tax and Credit Limitations — Resident, Schedule P (540NR), Alternative Minimum Tax and Credit Limitations — Nonresidents or Part-Year Residents, Schedule P (541), Alternative Minimum Tax and Credit Limitations — Fiduciaries, or Schedule P (100), Alternative Minimum Tax and Credit Limitations — Corporations, to determine amounts and for other information.

For additional information, see federal instructions for Schedule K, Adjustments and Tax Preference Items, line 16a through line 16e.

## Other

**Line 16** – See the federal instructions for Schedule K-1 (1065), "Other," line 18 through line 21.

**Line 20** – If the LLC income is from activities within and outside California, you must get and complete Schedule R, Apportionment and Allocation of Income, to determine the LLC income from California sources. Nonresident members must report their share of income apportioned or allocated to California. Resident members must report all of their share of the LLC's income. However, they may qualify for a credit for taxes paid to other states on income which is apportioned or allocated to a state other than California. Include information on Schedule K-1 (568) or Schedule K-1 NR (568), line 20 to enable resident and nonresident members to properly report their income.

## Analysis

### Line 21a through

**Line 21b(2)** – See the federal instructions for Schedule K (1065), line 23a and line 23b.

## 1994 Limited Liability Company Return of Income

568

MONTH	DAY	YEAR	MONTH	DAY	YEAR
For taxable or income year beginning			, and ending		
1994					

A Principal business activity name (same as federal)	Limited liability company name (type or print)	D F.E.I.N.
	DBA	E Date business started
B Principal product or service (same as federal)	Number and street (or P.O. Box number if mail is not delivered to street address)	F Enter total assets at end of year. See instructions.
C Principal business code (same as federal)	City or town, state and ZIP code	\$
G Check accounting method: (1) <input type="checkbox"/> Cash    (2) <input type="checkbox"/> Accrual    (3) <input type="checkbox"/> Other (attach explanation)		H Secretary of State file number
		I Check applicable box <input type="checkbox"/> Initial return <input type="checkbox"/> Amended return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return

**See instructions**

- J Maximum number of members in this LLC at any time during the taxable year . . . . . ● \_\_\_\_\_
- K Is any member of the LLC related by blood or marriage to any other member? . . . . . ● 

Y	N
---	---
- L Is any member of the LLC a trust for the benefit of any person related by blood or marriage to any other member? . . . . . ● 

Y	N
---	---
- M Was there a distribution of property or a transfer (for example, by sale or death) of an LLC interest during the taxable year? . . . . . ● 

Y	N
---	---

- N Is this LLC under audit by the IRS or has it been audited in a prior year? . . . . . ● 

Y	N
---	---
- O Did ownership control of this LLC or any of its subsidiaries or affiliates change this taxable year? (Do not leave this question blank) . . . . . ● 

Y	N
---	---
- P (1) Does the LLC have any foreign members? . . . . . ● 

Y	N
---	---
- (2) Does the LLC have any nonresident members? . . . . . ● 

Y	N
---	---
- (3) Were Form 592, Form 592-A and Form 592-B filed for these members? . . . . . ● 

Y	N
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**Questions continued on Side 2**Caution: Include **only** trade or business income and expenses on line 1a through line 21 below. See the instructions for more information.

<b>Income</b>	1 a Gross receipts or sales \$ _____	1b Less returns and allowances \$ _____	Balance	1c		
	2 Cost of goods sold (Schedule A, line 8) . . . . .			2		
	3 Gross profit. Subtract line 2 from line 1c. . . . .			3		
	4 Ordinary income (loss) from other LLCs, partnerships and fiduciaries. Attach schedule . . . . .	●		4		
	5 Gross farm profit (loss). Attach federal Schedule F (Form 1040) . . . . .	●		5		
	6 Net gain (loss) from Schedule D-1, Part II, line 18 . . . . .	●		6		
	7 Other income (loss). Attach schedule . . . . .	●		7		
	8 Income (loss). Combine line 3 through line 7 . . . . .	●		8		
<b>Deductions</b>	9 Salaries and wages (other than to members) . . . . .			9		
	10 Guaranteed payments to members . . . . .		●	10		
	11 Repairs . . . . .			11		
	12 Bad debts. . . . .		●	12		
	13 Rent . . . . .			13		
	14 Taxes . . . . .			14		
	15 Deductible interest expense not claimed elsewhere on return . . . . .			15		
	16 a Depreciation and amortization. Attach form FTB 3885L \$ _____ b Less depreciation reported on Schedule A and elsewhere on return \$ _____			16c		
	17 Depletion. Do not deduct oil and gas depletion . . . . .			17		
	18 Retirement plans, etc. . . . .			18		
	19 Employee benefit programs . . . . .			19		
	20 Other deductions. Attach schedule . . . . .		●	20		
	21 <b>TOTAL</b> deductions. Add line 9 through line 20 . . . . .		●	21		
22 Ordinary income (loss) from trade or business activities. Subtract line 21 from line 8 . . . . .		●	22			
<b>Attach check or money order here.</b>	23 Total income from Schedule Q . . . . .		●	23		
	24 Limited Liability Company Fee. See instructions . . . . .		●	24		
	25 1995 Limited Liability Company Tax (\$800) . . . . .		●	25		
	26 Nonresident members' tax liability from Schedule T . . . . .		■	26		
	27 <b>Total tax and fee.</b> Add line 24 through line 26 . . . . .		■	27		
	28 Amount paid with form FTB 3537 . . . . .		■	28		
	29 <b>Tax and fee due.</b> If line 27 is more than line 28, subtract line 28 from line 27 . . . . .		■	29		
	30 <b>Overpayment.</b> If line 28 is more than line 27, subtract line 27 from line 28 . . . . .		■	30		
	31 Amount of line 30 to be credited to 1995 tax or fee . . . . .		■	31		
	32 Amount to be refunded. Subtract line 31 from line 30. . . . .		■	32		
	33 Penalties and interest . . . . .			33		
	34 Amount due. Add line 29 and line 33. Pay this amount with this return. . . . .			34		

## Schedule A Cost of Goods Sold

1	Inventory at beginning of year . . . . .	1		
2	Purchases less cost of items withdrawn for personal use . . . . .	2		
3	Cost of labor. . . . .	3		
4	Additional IRC Section 263A costs. Attach schedule. . . . .	4		
5	Other costs. Attach schedule. . . . .	5		
6	Total. Add line 1 through line 5 . . . . .	6		
7	Inventory at end of year . . . . .	7		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Side 1, line 2 . . . . .	8		

9 a Check all methods used for valuing closing inventory:  
(i) ☐ Cost (ii) ☐ Lower of cost or market as described in Treas. Reg. Section 1.471-4 (iii) ☐ Writedown of "subnormal" goods as described in Treas. Reg. Section 1.471-2(c) (iv) ☐ Other. Specify method used and attach explanation \_\_\_\_\_  
b Check this box if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970 . . . ☐  
c Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the LLC? . . . . . ☐ Yes ☐ No  
d Was there any change (other than for IRC Section 263A purposes) in determining quantities, cost, or valuations between opening and closing inventory? If "yes," attach explanation . . . . . ☐ Yes ☐ No

## Schedule L Balance Sheets. See the instructions for Question S before completing Schedules L, M-1 and M-2.

Assets	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
1 Cash . . . . .				
2 a Trade notes and accounts receivable . . . . .				
b Less allowance for bad debts . . . . .	( )		( )	
3 Inventories . . . . .				
4 U.S. government obligations . . . . .				
5 Tax-exempt securities. . . . .				
6 Other current assets. Attach schedule. . . . .				
7 Mortgage and real estate loans . . . . .				
8 Other investments. Attach schedule . . . . .				
9 a Buildings and other depreciable assets . . . . .				
b Less accumulated depreciation . . . . .	( )		( )	
10 a Depletable assets . . . . .				
b Less accumulated depletion . . . . .	( )		( )	
11 Land (net of any amortization) . . . . .				
12 a Intangible assets (amortizable only) . . . . .				
b Less accumulated amortization. . . . .	( )		( )	
13 Other assets. Attach schedule . . . . .				
14 Total assets . . . . .				
Liabilities and Capital				
15 Accounts payable . . . . .				
16 Mortgages, notes, bonds payable in less than 1 year . . . . .				
17 Other current liabilities. Attach schedule . . . . .				
18 All nonrecourse loans. . . . .				
19 Mortgages, notes, bonds payable in 1 year or more . . . . .				
20 Other liabilities. Attach schedule . . . . .				
21 Members' capital accounts . . . . .				
22 Total liabilities and capital . . . . .				

Questions (continued from Side 1)

Q Enter the ordinary income (loss) shown on federal Form 1065 for the same calendar or fiscal year (taxable year) . . . ● \$ \_\_\_\_\_  
R Are any members in this LLC also LLCs or partnerships? . . . . . ☐ Y ☐ N

S Does the LLC meet all the requirements shown in the instructions for Question S? . . . . .	Y	N
T Is this LLC a member in another LLC or partnership? . . . . .	Y	N
U Is this LLC a publicly traded partnership as defined in IRC Section 469(k)(2)? . . . . .	Y	N

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Signature of member or manager ▶	Date	Telephone ( )
Paid Preparer's Use Only	Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/> Preparer's SSN/F.E.I.N.
	Firm's name (or yours, if self-employed) and address ▶	F.E.I.N. ▶	
	Telephone ▶ ( )		

Schedule K **Members' Shares of Income, Deductions, Credits, Etc.**

	(a) Distributive share items	(b) Total California amount																
Income (Loss)	1 Ordinary income (loss) from trade or business activities (Side 1, line 22) . . . . .	1																
	2 Net income (loss) from rental real estate activities. Attach federal Form 8825 . . . . .	2																
	3 a Gross income from other rental activities . . . . .	3a																
	b Less expenses. Attach schedule . . . . .	3b																
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a . . . . .	3c																
	4 Portfolio income (loss). See instructions:																	
	a Interest income . . . . .	4a																
	b Dividend income. . . . .	4b																
	c Royalty income . . . . .	4c																
	d Net capital gain (loss) (Schedule D (568)) . . . . .	4d																
	e Other portfolio income (loss). Attach schedule . . . . .	4e																
	5 Guaranteed payments to members . . . . .	5																
	6 Net gain (loss) under IRC Section 1231 (other than due to casualty or theft). Attach Schedule D-1 . . . . .	6																
7 Other income (loss). Attach schedule . . . . .	7																	
Deductions	8 a Charitable contributions. See instructions. Attach schedule . . . . .	8a																
	b Political contributions . . . . .	8b																
	9 Expense deduction for recovery property (R&TC Sections 17252.5, 17265 and 17266 and IRC Section 179). Attach schedule . . . . .	9																
	10 Deductions related to portfolio income (do not include investment interest expense) . . . . .	10																
	11 Other deductions. Attach schedule . . . . .	11																
Investment Interest	12 a Interest expense on investment debts . . . . .	12a																
	b (1) Investment income included on line 4a through line 4e above . . . . .	12b(1)																
	(2) Investment expenses included on line 10 above . . . . .	12b(2)																
Credits	13 a Credit for income tax withheld . . . . .	13a																
	b Low-income housing credit . . . . .	13b																
	c Credit(s) other than credits shown on line 13b related to rental real estate activities. Attach schedule . . . . .	13c																
	d Credit(s) related to other rental activities. See instructions. Attach schedule . . . . .	13d																
	14 Other credits. See instructions. Attach schedule . . . . .	14																
	14 a Total credits received. Add line 13b through line 14 . . . . .	14a																
Adjustments and Tax Preference Items	15 a Depreciation adjustment on property placed in service after 1986 . . . . .	15a																
	b Adjusted gain or loss . . . . .	15b																
	c Depletion (other than oil and gas) . . . . .	15c																
	d (1) Gross income from oil, gas and geothermal properties . . . . .	15d(1)																
	(2) Deductions allocable to oil, gas and geothermal properties . . . . .	15d(2)																
	e Other adjustments and tax preference items. Attach schedule . . . . .	15e																
Other	16 a Total expenditures to which IRC Section 59(e) election may apply. Attach schedule . . . . .	16a																
	b Type of expenditures . . . . .	16b																
	17 Tax-exempt interest income . . . . .	17																
	18 Other tax-exempt income . . . . .	18																
	19 Nondeductible expenses . . . . .	19																
	20 Other items and amounts reported separately to members. Attach schedule . . . . .	20																
Analysis	21 a Total distributive income/payment items. Combine line 1 through line 7 above. From the result subtract the sum of line 8 through line 12a and line 16a . . . . .	21																
	b Analysis of members:																	
	<table><thead><tr><th rowspan="2">(a) Corporate</th><th colspan="2">(b) Individual</th><th rowspan="2">(c) Partnership</th><th rowspan="2">(d) Exempt Organization</th><th rowspan="2">(e) Nominee/ Other</th><th rowspan="2">(f) LLC</th></tr><tr><th>i. Active</th><th>ii. Passive</th></tr></thead><tbody><tr><td>Members</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></tbody></table>	(a) Corporate	(b) Individual		(c) Partnership	(d) Exempt Organization	(e) Nominee/ Other	(f) LLC	i. Active	ii. Passive	Members							
(a) Corporate	(b) Individual		(c) Partnership	(d) Exempt Organization					(e) Nominee/ Other	(f) LLC								
	i. Active	ii. Passive																
Members																		

**Schedule M-1 Reconciliation of Income per Books With Income per Return. Use California Amounts.**

<b>1</b> Net income (loss) per books . . . . .		<b>6</b> Income recorded on books this year not included on Schedule K, line 1 through line 7. Itemize: <b>a</b> Tax-exempt interest \$ . . . . .	
<b>2</b> Income included on Schedule K, line 1 through line 7, not recorded on books this year. Itemize . . . . .			
<b>3</b> Guaranteed payments (other than health insurance) . . . . .		<b>7</b> Deductions included on Schedule K, line 1 through line 12a and line 16a, not charged against book income this year. Itemize: <b>a</b> Depreciation \$ . . . . .	
<b>4</b> Expenses recorded on books this year not included on Schedule K, line 1 through line 12a and line 16a. Itemize: <b>a</b> Depreciation \$ . . . . . <b>b</b> Travel and entertainment \$ . . . . . <b>c</b> LLC annual tax \$ . . . . .			
<b>5</b> Total of line 1 through line 4 . . . . .		<b>8</b> Total of line 6 and line 7 . . . . .	
		<b>9</b> Income (loss) (Schedule K, line 21a). Subtract line 8 from line 5 . . . . .	

**Schedule M-2 Analysis of Members' Capital Accounts**

<b>1</b> Balance at beginning of year . . . . .		<b>6</b> Distributions: <b>a</b> Cash . . . . .	
<b>2</b> Capital contributed during year . . . . .		<b>b</b> Property . . . . .	
<b>3</b> Net income (loss) per books . . . . .		<b>7</b> Other decreases. Itemize . . . . .	
<b>4</b> Other increases. Itemize . . . . .			
		<b>8</b> Total of line 6 and line 7 . . . . .	
<b>5</b> Total of line 1 through line 4 . . . . .		<b>9</b> Balance at end of year. Subtract line 8 from line 5 . . . . .	

**Schedule O Recognized Gains from Liquidations Used to Capitalize a Limited Liability Company**

Name(s) of entity(ies) liquidated \_\_\_\_\_

Type of entity(ies): ☐ C corporation ☐ S corporation ☐ Partnership ☐ Limited Partnership ☐ Sole Proprietor ☐ Farmer

Entity(ies) identification number(s) . . . . . \_\_\_\_\_

Amount of liquidation gains used to capitalize the LLC . . . . . \_\_\_\_\_

**Schedule Q Total Income**

<b>1</b> Income (loss) from Form 568, line 8 . . . . .	<b>1</b> _____
<b>2</b> Total gross rents from federal Form 8825, line 17 . . . . .	<b>2</b> _____
<b>3</b> Gross income from other rental activities from Form 568, Schedule K, line 3a . . . . .	<b>3</b> _____
<b>4</b> Interest income from Form 568, Schedule K, line 4a . . . . .	<b>4</b> _____
<b>5</b> Dividend income from Form 568, Schedule K, line 4b . . . . .	<b>5</b> _____
<b>6</b> Royalty income from Form 568, Schedule K, line 4c . . . . .	<b>6</b> _____
<b>7</b> Net capital gain (loss) from Form 568, Schedule K, line 4d . . . . .	<b>7</b> _____
<b>8</b> Other portfolio income (loss) from Form 568, Schedule K, line 4e . . . . .	<b>8</b> _____
<b>9</b> Net gain (loss) under IRC Section 1231 from Form 568, Schedule K, line 6 . . . . .	<b>9</b> _____
<b>10</b> Cost of goods sold from Form 568, Schedule A, line 8 . . . . .	<b>10</b> _____
<b>11 TOTAL</b> income. Combine line 1 through line 10. Enter total here and on Side 1, line 23 . . . . .	<b>11</b> _____

**Schedule T Nonelecting Nonresident Members' Tax Liability**

Member's name	Social security number or F.E.I.N.	Distributive share of income x Tax Rate	Tax Due
		x	
		x	
		x	
		x	
		x	
		x	

Total the amount of tax due. Enter the total here and on Side 1, line 26 . . . . . \_\_\_\_\_

Attach additional sheets if necessary. \_\_\_\_\_

## 1994 Limited Liability Company Return of Income

568

MONTH	DAY	YEAR	MONTH	DAY	YEAR
For taxable or income year beginning			, and ending		
1994					

A Principal business activity name (same as federal)	Limited liability company name (type or print)	D F.E.I.N.
	DBA	E Date business started
B Principal product or service (same as federal)	Number and street (or P.O. Box number if mail is not delivered to street address)	F Enter total assets at end of year. See instructions.
C Principal business code (same as federal)	City or town, state and ZIP code	\$
G Check accounting method: (1) <input type="checkbox"/> Cash    (2) <input type="checkbox"/> Accrual    (3) <input type="checkbox"/> Other (attach explanation)		H Secretary of State file number
		I Check applicable box <input type="checkbox"/> Initial return <input type="checkbox"/> Amended return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return

**See instructions**

J Maximum number of members in this LLC at any time during the taxable year . . . . . ●	N Is this LLC under audit by the IRS or has it been audited in a prior year? . . . . . ●	Y	N
K Is any member of the LLC related by blood or marriage to any other member? . . . . . ●	O Did ownership control of this LLC or any of its subsidiaries or affiliates change this taxable year? (Do not leave this question blank) . . . . . ●	Y	N
L Is any member of the LLC a trust for the benefit of any person related by blood or marriage to any other member? . . . . . ●	P (1) Does the LLC have any foreign members? . . . . . ●	Y	N
M Was there a distribution of property or a transfer (for example, by sale or death) of an LLC interest during the taxable year? . . . . . ●	(2) Does the LLC have any nonresident members? . . . . . ●	Y	N
	(3) Were Form 592, Form 592-A and Form 592-B filed for these members? . . . . . ●	Y	N

**Questions continued on Side 2****Caution:** Include **only** trade or business income and expenses on line 1a through line 21 below. See the instructions for more information.

	1 a Gross receipts or sales \$ _____ 1b Less returns and allowances \$ _____ Balance	1c	
<b>Income</b>	2 Cost of goods sold (Schedule A, line 8) . . . . . ●	2	
	3 Gross profit. Subtract line 2 from line 1c. . . . .	3	
	4 Ordinary income (loss) from other LLCs, partnerships and fiduciaries. Attach schedule . . . . . ●	4	
	5 Gross farm profit (loss). Attach federal Schedule F (Form 1040) . . . . . ●	5	
	6 Net gain (loss) from Schedule D-1, Part II, line 18 . . . . . ●	6	
	7 Other income (loss). Attach schedule . . . . . ●	7	
	8 Income (loss). Combine line 3 through line 7 . . . . . ●	8	
	<b>Deductions</b>	9 Salaries and wages (other than to members) . . . . .	9
10 Guaranteed payments to members . . . . . ●		10	
11 Repairs . . . . .		11	
12 Bad debts. . . . . ●		12	
13 Rent . . . . .		13	
14 Taxes . . . . .		14	
15 Deductible interest expense not claimed elsewhere on return . . . . .		15	
16 a Depreciation and amortization. Attach form FTB 3885L \$ _____ b Less depreciation reported on Schedule A and elsewhere on return \$ _____ Balance		16c	
17 Depletion. Do not deduct oil and gas depletion . . . . .		17	
18 Retirement plans, etc. . . . .		18	
19 Employee benefit programs . . . . .		19	
20 Other deductions. Attach schedule . . . . . ●	20		
21 TOTAL deductions. Add line 9 through line 20 . . . . . ●	21		
22 Ordinary income (loss) from trade or business activities. Subtract line 21 from line 8 . . . . . ●	22		
23 Total income from Schedule Q . . . . . ●	23		
24 Limited Liability Company Fee. See instructions . . . . . ●	24		
25 1995 Limited Liability Company Tax (\$800) . . . . . ●	25		
26 Nonresident members' tax liability from Schedule T . . . . . ■	26		
27 Total tax and fee. Add line 24 through line 26 . . . . . ■	27		
28 Amount paid with form FTB 3537 . . . . . ■	28		
29 Tax and fee due. If line 27 is more than line 28, subtract line 28 from line 27 . . . . . ■	29		
30 Overpayment. If line 28 is more than line 27, subtract line 27 from line 28 . . . . . ■	30		
31 Amount of line 30 to be credited to 1995 tax or fee . . . . . ■	31		
32 Amount to be refunded. Subtract line 31 from line 30. . . . . ■	32		
33 Penalties and interest . . . . .	33		
34 Amount due. Add line 29 and line 33. Pay this amount with this return. . . . .	34		

## Schedule A Cost of Goods Sold

1	Inventory at beginning of year . . . . .	1		
2	Purchases less cost of items withdrawn for personal use . . . . .	2		
3	Cost of labor. . . . .	3		
4	Additional IRC Section 263A costs. Attach schedule. . . . .	4		
5	Other costs. Attach schedule. . . . .	5		
6	Total. Add line 1 through line 5 . . . . .	6		
7	Inventory at end of year . . . . .	7		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Side 1, line 2 . . . . .	8		

9 a Check all methods used for valuing closing inventory:  
(i) ☐ Cost (ii) ☐ Lower of cost or market as described in Treas. Reg. Section 1.471-4 (iii) ☐ Writedown of "subnormal" goods as described in Treas. Reg. Section 1.471-2(c) (iv) ☐ Other. Specify method used and attach explanation \_\_\_\_\_  
b Check this box if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970 . . . ☐  
c Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the LLC? . . . . . ☐ Yes ☐ No  
d Was there any change (other than for IRC Section 263A purposes) in determining quantities, cost, or valuations between opening and closing inventory? If "yes," attach explanation . . . . . ☐ Yes ☐ No

## Schedule L Balance Sheets. See the instructions for Question S before completing Schedules L, M-1 and M-2.

Assets	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
1 Cash . . . . .				
2 a Trade notes and accounts receivable . . . . .				
b Less allowance for bad debts . . . . .	( )		( )	
3 Inventories . . . . .				
4 U.S. government obligations . . . . .				
5 Tax-exempt securities. . . . .				
6 Other current assets. Attach schedule. . . . .				
7 Mortgage and real estate loans . . . . .				
8 Other investments. Attach schedule . . . . .				
9 a Buildings and other depreciable assets . . . . .				
b Less accumulated depreciation . . . . .	( )		( )	
10 a Depletable assets . . . . .				
b Less accumulated depletion . . . . .	( )		( )	
11 Land (net of any amortization) . . . . .				
12 a Intangible assets (amortizable only) . . . . .				
b Less accumulated amortization. . . . .	( )		( )	
13 Other assets. Attach schedule . . . . .				
14 Total assets . . . . .				
Liabilities and Capital				
15 Accounts payable . . . . .				
16 Mortgages, notes, bonds payable in less than 1 year . . . . .				
17 Other current liabilities. Attach schedule . . . . .				
18 All nonrecourse loans. . . . .				
19 Mortgages, notes, bonds payable in 1 year or more . . . . .				
20 Other liabilities. Attach schedule . . . . .				
21 Members' capital accounts . . . . .				
22 Total liabilities and capital . . . . .				

Questions (continued from Side 1)

Q Enter the ordinary income (loss) shown on federal Form 1065 for the same calendar or fiscal year (taxable year) . . . ● \$ \_\_\_\_\_  
R Are any members in this LLC also LLCs or partnerships? . . . . . ☐ Y ☐ N

S Does the LLC meet all the requirements shown in the instructions for Question S? . . . . . ☐ Y ☐ N  
T Is this LLC a member in another LLC or partnership? . . . . . ☐ Y ☐ N  
U Is this LLC a publicly traded partnership as defined in IRC Section 469(k)(2)? . . . . . ☐ Y ☐ N

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Signature of member or manager ▶	Date	Telephone ( )	
Paid Preparer's Use Only	Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN/F.E.I.N.
	Firm's name (or yours, if self-employed) and address ▶	F.E.I.N. ▶		
	Telephone ▶ ( )			

Schedule K **Members' Shares of Income, Deductions, Credits, Etc.**

	(a) Distributive share items	(b) Total California amount																
Income (Loss)	1 Ordinary income (loss) from trade or business activities (Side 1, line 22) . . . . .	1																
	2 Net income (loss) from rental real estate activities. Attach federal Form 8825 . . . . .	2																
	3 a Gross income from other rental activities . . . . .	3a																
	b Less expenses. Attach schedule . . . . .	3b																
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a . . . . .	3c																
	4 Portfolio income (loss). See instructions:																	
	a Interest income . . . . .	4a																
	b Dividend income. . . . .	4b																
	c Royalty income . . . . .	4c																
	d Net capital gain (loss) (Schedule D (568)) . . . . .	4d																
	e Other portfolio income (loss). Attach schedule . . . . .	4e																
	5 Guaranteed payments to members . . . . .	5																
	6 Net gain (loss) under IRC Section 1231 (other than due to casualty or theft). Attach Schedule D-1 . . . . .	6																
7 Other income (loss). Attach schedule . . . . .	7																	
Deductions	8 a Charitable contributions. See instructions. Attach schedule . . . . .	8a																
	b Political contributions . . . . .	8b																
	9 Expense deduction for recovery property (R&TC Sections 17252.5, 17265 and 17266 and IRC Section 179). Attach schedule . . . . .	9																
	10 Deductions related to portfolio income (do not include investment interest expense) . . . . .	10																
	11 Other deductions. Attach schedule . . . . .	11																
Investment Interest	12 a Interest expense on investment debts . . . . .	12a																
	b (1) Investment income included on line 4a through line 4e above . . . . .	12b(1)																
	(2) Investment expenses included on line 10 above . . . . .	12b(2)																
Credits	13 a Credit for income tax withheld . . . . .	13a																
	b Low-income housing credit . . . . .	13b																
	c Credit(s) other than credits shown on line 13b related to rental real estate activities. Attach schedule . . . . .	13c																
	d Credit(s) related to other rental activities. See instructions. Attach schedule . . . . .	13d																
	14 Other credits. See instructions. Attach schedule . . . . .	14																
	14 a Total credits received. Add line 13b through line 14 . . . . .	14a																
Adjustments and Tax Preference Items	15 a Depreciation adjustment on property placed in service after 1986 . . . . .	15a																
	b Adjusted gain or loss . . . . .	15b																
	c Depletion (other than oil and gas) . . . . .	15c																
	d (1) Gross income from oil, gas and geothermal properties . . . . .	15d(1)																
	(2) Deductions allocable to oil, gas and geothermal properties . . . . .	15d(2)																
	e Other adjustments and tax preference items. Attach schedule . . . . .	15e																
Other	16 a Total expenditures to which IRC Section 59(e) election may apply. Attach schedule . . . . .	16a																
	b Type of expenditures . . . . .	16b																
	17 Tax-exempt interest income . . . . .	17																
	18 Other tax-exempt income . . . . .	18																
	19 Nondeductible expenses . . . . .	19																
	20 Other items and amounts reported separately to members. Attach schedule . . . . .	20																
Analysis	21 a Total distributive income/payment items. Combine line 1 through line 7 above. From the result subtract the sum of line 8 through line 12a and line 16a . . . . .	21																
	b Analysis of members:																	
	<table><thead><tr><th rowspan="2">(a) Corporate</th><th colspan="2">(b) Individual</th><th rowspan="2">(c) Partnership</th><th rowspan="2">(d) Exempt Organization</th><th rowspan="2">(e) Nominee/ Other</th><th rowspan="2">(f) LLC</th></tr><tr><th>i. Active</th><th>ii. Passive</th></tr></thead><tbody><tr><td>Members</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></tbody></table>	(a) Corporate	(b) Individual		(c) Partnership	(d) Exempt Organization	(e) Nominee/ Other	(f) LLC	i. Active	ii. Passive	Members							
(a) Corporate	(b) Individual		(c) Partnership	(d) Exempt Organization					(e) Nominee/ Other	(f) LLC								
	i. Active	ii. Passive																
Members																		

**Schedule M-1 Reconciliation of Income per Books With Income per Return. Use California Amounts.**

<b>1</b> Net income (loss) per books . . . . .		<b>6</b> Income recorded on books this year not included on Schedule K, line 1 through line 7. Itemize: <b>a</b> Tax-exempt interest \$ . . . . .	
<b>2</b> Income included on Schedule K, line 1 through line 7, not recorded on books this year. Itemize . . . . .			
<b>3</b> Guaranteed payments (other than health insurance) . . . . .		<b>7</b> Deductions included on Schedule K, line 1 through line 12a and line 16a, not charged against book income this year. Itemize: <b>a</b> Depreciation \$ . . . . .	
<b>4</b> Expenses recorded on books this year not included on Schedule K, line 1 through line 12a and line 16a. Itemize: <b>a</b> Depreciation \$ . . . . . <b>b</b> Travel and entertainment \$ . . . . . <b>c</b> LLC annual tax \$ . . . . .			
<b>5</b> Total of line 1 through line 4 . . . . .		<b>8</b> Total of line 6 and line 7 . . . . .	
		<b>9</b> Income (loss) (Schedule K, line 21a). Subtract line 8 from line 5 . . . . .	

**Schedule M-2 Analysis of Members' Capital Accounts**

<b>1</b> Balance at beginning of year . . . . .		<b>6</b> Distributions: <b>a</b> Cash . . . . .	
<b>2</b> Capital contributed during year . . . . .		<b>b</b> Property . . . . .	
<b>3</b> Net income (loss) per books . . . . .		<b>7</b> Other decreases. Itemize . . . . .	
<b>4</b> Other increases. Itemize . . . . .			
		<b>8</b> Total of line 6 and line 7 . . . . .	
<b>5</b> Total of line 1 through line 4 . . . . .		<b>9</b> Balance at end of year. Subtract line 8 from line 5 . . . . .	

**Schedule O Recognized Gains from Liquidations Used to Capitalize a Limited Liability Company**

Name(s) of entity(ies) liquidated \_\_\_\_\_

Type of entity(ies): ☐ C corporation ☐ S corporation ☐ Partnership ☐ Limited Partnership ☐ Sole Proprietor ☐ Farmer

Entity(ies) identification number(s) . . . . . \_\_\_\_\_

Amount of liquidation gains used to capitalize the LLC . . . . . \_\_\_\_\_

**Schedule Q Total Income**

<b>1</b> Income (loss) from Form 568, line 8 . . . . .	<b>1</b> _____
<b>2</b> Total gross rents from federal Form 8825, line 17 . . . . .	<b>2</b> _____
<b>3</b> Gross income from other rental activities from Form 568, Schedule K, line 3a . . . . .	<b>3</b> _____
<b>4</b> Interest income from Form 568, Schedule K, line 4a . . . . .	<b>4</b> _____
<b>5</b> Dividend income from Form 568, Schedule K, line 4b . . . . .	<b>5</b> _____
<b>6</b> Royalty income from Form 568, Schedule K, line 4c . . . . .	<b>6</b> _____
<b>7</b> Net capital gain (loss) from Form 568, Schedule K, line 4d . . . . .	<b>7</b> _____
<b>8</b> Other portfolio income (loss) from Form 568, Schedule K, line 4e . . . . .	<b>8</b> _____
<b>9</b> Net gain (loss) under IRC Section 1231 from Form 568, Schedule K, line 6 . . . . .	<b>9</b> _____
<b>10</b> Cost of goods sold from Form 568, Schedule A, line 8 . . . . .	<b>10</b> _____
<b>11 TOTAL</b> income. Combine line 1 through line 10. Enter total here and on Side 1, line 23 . . . . .	<b>11</b> _____

**Schedule T Nonelecting Nonresident Members' Tax Liability**

Member's name	Social security number or F.E.I.N.	Distributive share of income x Tax Rate	Tax Due
		x	
		x	
		x	
		x	
		x	
		x	

Total the amount of tax due. Enter the total here and on Side 1, line 26 . . . . . \_\_\_\_\_

Attach additional sheets if necessary. \_\_\_\_\_

1994

# Member's Share of Income, Deductions, Credits, etc.

K-1 (568)

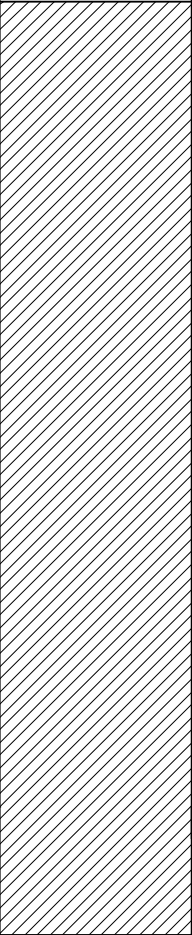
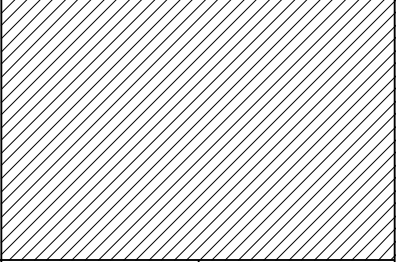



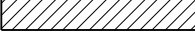
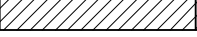
MONTH DAY YEAR	MONTH DAY YEAR												
For taxable or income year beginning	1994, and ending												
<b>Member's identifying number</b>	<b>LLC's Secretary of State file number</b>												
Member's name, address, state and ZIP code	<b>LLC's F.E.I.N.</b>												
	LLC's name, address, state and ZIP code												
<b>A</b> Member's share of liabilities: Nonrecourse . . . . . \$ _____ Qualified nonrecourse financing . . . . . \$ _____ Other . . . . . \$ _____ <b>B</b> What type of entity is this member? _____ <b>C</b> (1) Is this member a foreign member? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No (2) Is this member a nonresident of California? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No If you answer yes to either C (1) or C (2) <b>do not</b> use this schedule. Use Schedule K-1 NR (568).													
<b>D</b> Enter member's percentage of: <table style="width:100%; border: none;"> <tr> <td style="width:60%;"></td> <td style="width:20%; text-align: center;">(i) Before decrease or termination</td> <td style="width:20%; text-align: center;">(ii) End of year</td> </tr> <tr> <td>Profit sharing . . . . .</td> <td style="text-align: center;">_____ %</td> <td style="text-align: center;">_____ %</td> </tr> <tr> <td>Loss sharing . . . . .</td> <td style="text-align: center;">_____ %</td> <td style="text-align: center;">_____ %</td> </tr> <tr> <td>Ownership of capital . . . . .</td> <td style="text-align: center;">_____ %</td> <td style="text-align: center;">_____ %</td> </tr> </table> <b>E</b> Check here if this LLC is classified as a publicly traded partnership as defined in IRC Section 469(k)(2) . . . . . <input type="checkbox"/> <b>F</b> Tax shelter registration number _____ <b>G</b> Check here if this is: <input type="checkbox"/> a final Schedule K-1 (568) <input type="checkbox"/> an amended Schedule K-1 (568)			(i) Before decrease or termination	(ii) End of year	Profit sharing . . . . .	_____ %	_____ %	Loss sharing . . . . .	_____ %	_____ %	Ownership of capital . . . . .	_____ %	_____ %
	(i) Before decrease or termination	(ii) End of year											
Profit sharing . . . . .	_____ %	_____ %											
Loss sharing . . . . .	_____ %	_____ %											
Ownership of capital . . . . .	_____ %	_____ %											

H Analysis of member's capital account:				
(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4 and line 7, Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine column (a) through column (d))
			(                      )	

I Analysis of member's tax basis:					
(a) Basis at beginning of year	(b) Total of column (e), California amount, lines 1 through 12 (except line 5) and lines 17 through 19	(c) Other increases during the year	(d) Other decreases during the year	(e) Withdrawals and distributions	(f) Basis at end of year

**Caution:** See the Partner's Instructions for federal Schedule K-1 (1065) before entering information from this schedule on your tax return.

	(a) Distributive share item	(b) Amount from federal Schedule K-1 (1065)	(c) California adjustment	(d)	(e) California amount (combine column (b) and column (c))
<b>Income (Loss)</b>	1 Ordinary income (loss) from trade or business activities . . . . .				
	2 Net income (loss) from rental real estate activities . . . . .				
	3 Net income (loss) from other rental activities . . . . .				
	4 Portfolio income (loss):				
	a Interest . . . . .				
	b Dividends. . . . .				
	c Royalties . . . . .				
<b>Deductions</b>	d Net capital gain (loss). . . . .				
	e Other portfolio income (loss). Attach schedule . . . . .				
	5 Guaranteed payments to members . . . . .				
	6 Net gain (loss) under IRC Section 1231 (other than due to casualty or theft) . . . . .				
	7 Other income (loss). Attach schedule . . . . .				
	8 a Charitable contributions . . . . .				
	b Political contributions . . . . .				
<b>Deductions</b>	9 Expense deduction for recovery property (R&TC Sections 17252.5, 17265, 17266 and IRC Section 179). Attach schedule . . . . .				
	10 Deductions related to portfolio income. Attach schedule . . . . .				
	11 Other deductions. Attach schedule. . . . .				

	(a) Distributive share item	(b) Amount from federal Schedule K-1 (1065)	(c) California adjustment	(d)	(e) California amount (combine column (b) and column (c))
<b>Investment Interest</b>	<b>12 a</b> Interest expense on investment debts . . . . .				
	<b>b (1)</b> Investment income included on line 4a through line 4e . . . . .				
	<b>(2)</b> Investment expenses included on line 10 . . . . .				
<b>Credits</b>	<b>13 a</b> Credit for income tax withheld . . . . .				
	<b>b</b> Low-income housing credit . . . . .				
	<b>c</b> Credits other than line 13b related to rental real estate activities. Attach schedule. . . . .				
	<b>d</b> Credits related to other rental activities. See instructions. Attach schedule . . . . .				
	<b>14</b> Other credits. Attach required schedules or statements .				
	<b>14 a</b> Total credits received. Add line 13b through line 14 .				
<b>Adjustments and Tax Preference Items</b>	<b>15 a</b> Depreciation adjustment on property placed in service after 1986 . . . . .				
	<b>b</b> Adjusted gain or loss . . . . .				
	<b>c</b> Depletion (other than oil and gas) . . . . .				
	<b>d (1)</b> Gross income from oil, gas and geothermal properties . . . . .				
	<b>(2)</b> Deductions allocable to oil, gas and geothermal properties . . . . .				
	<b>e</b> Other adjustments and tax preference items. Attach schedule . . . . .				
<b>Other</b>	<b>16 a</b> Total expenditures to which an IRC Section 59(e) election may apply . . . . .				
	<b>b</b> Type of expenditures _____				
	<b>17</b> Tax-exempt interest income . . . . .				
	<b>18</b> Other tax-exempt income . . . . .				
	<b>19</b> Nondeductible expenses . . . . .				
	<b>20</b> Member distributions received . . . . .				
	<b>21</b> Supplemental information required to be reported separately to each member. Attach additional schedules if more space is needed:				

1994

# Member's Share of Income, Deductions, Credits, etc.

K-1 (568)

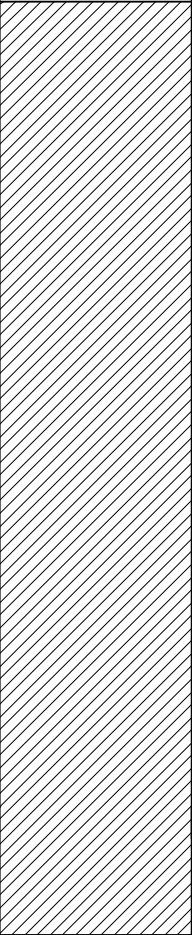
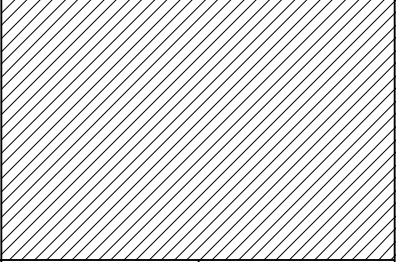



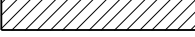
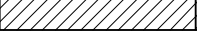
MONTH DAY YEAR	MONTH DAY YEAR												
For taxable or income year beginning	1994, and ending												
<b>Member's identifying number</b>	<b>LLC's Secretary of State file number</b>												
Member's name, address, state and ZIP code	<b>LLC's F.E.I.N.</b>												
	LLC's name, address, state and ZIP code												
<b>A</b> Member's share of liabilities: Nonrecourse . . . . . \$ _____ Qualified nonrecourse financing . . . . . \$ _____ Other . . . . . \$ _____ <b>B</b> What type of entity is this member? _____ <b>C</b> (1) Is this member a foreign member? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No (2) Is this member a nonresident of California? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No If you answer yes to either C (1) or C (2) <b>do not</b> use this schedule. Use Schedule K-1 NR (568).													
<b>D</b> Enter member's percentage of: <table style="width:100%; border: none;"> <tr> <td style="width:60%;"></td> <td style="width:20%; text-align: center;">(i) Before decrease or termination</td> <td style="width:20%; text-align: center;">(ii) End of year</td> </tr> <tr> <td>Profit sharing . . . . .</td> <td style="text-align: center;">_____ %</td> <td style="text-align: center;">_____ %</td> </tr> <tr> <td>Loss sharing . . . . .</td> <td style="text-align: center;">_____ %</td> <td style="text-align: center;">_____ %</td> </tr> <tr> <td>Ownership of capital . . . . .</td> <td style="text-align: center;">_____ %</td> <td style="text-align: center;">_____ %</td> </tr> </table> <b>E</b> Check here if this LLC is classified as a publicly traded partnership as defined in IRC Section 469(k)(2) . . . . . <input type="checkbox"/> <b>F</b> Tax shelter registration number _____ <b>G</b> Check here if this is: <input type="checkbox"/> a final Schedule K-1 (568) <input type="checkbox"/> an amended Schedule K-1 (568)			(i) Before decrease or termination	(ii) End of year	Profit sharing . . . . .	_____ %	_____ %	Loss sharing . . . . .	_____ %	_____ %	Ownership of capital . . . . .	_____ %	_____ %
	(i) Before decrease or termination	(ii) End of year											
Profit sharing . . . . .	_____ %	_____ %											
Loss sharing . . . . .	_____ %	_____ %											
Ownership of capital . . . . .	_____ %	_____ %											

H Analysis of member's capital account:				
(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4 and line 7, Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine column (a) through column (d))
			(                      )	

I Analysis of member's tax basis:					
(a) Basis at beginning of year	(b) Total of column (e), California amount, lines 1 through 12 (except line 5) and lines 17 through 19	(c) Other increases during the year	(d) Other decreases during the year	(e) Withdrawals and distributions	(f) Basis at end of year

**Caution:** See the Partner's Instructions for federal Schedule K-1 (1065) before entering information from this schedule on your tax return.

	(a) Distributive share item	(b) Amount from federal Schedule K-1 (1065)	(c) California adjustment	(d)	(e) California amount (combine column (b) and column (c))
<b>Income (Loss)</b>	1 Ordinary income (loss) from trade or business activities . . . . .				
	2 Net income (loss) from rental real estate activities . . . . .				
	3 Net income (loss) from other rental activities . . . . .				
	4 Portfolio income (loss):				
	a Interest . . . . .				
	b Dividends. . . . .				
	c Royalties . . . . .				
<b>Deductions</b>	d Net capital gain (loss). . . . .				
	e Other portfolio income (loss). Attach schedule . . . . .				
	5 Guaranteed payments to members . . . . .				
	6 Net gain (loss) under IRC Section 1231 (other than due to casualty or theft) . . . . .				
	7 Other income (loss). Attach schedule . . . . .				
	8 a Charitable contributions . . . . .				
	b Political contributions . . . . .				
<b>Deductions</b>	9 Expense deduction for recovery property (R&TC Sections 17252.5, 17265, 17266 and IRC Section 179). Attach schedule . . . . .				
	10 Deductions related to portfolio income. Attach schedule . . . . .				
	11 Other deductions. Attach schedule. . . . .				

	(a) Distributive share item	(b) Amount from federal Schedule K-1 (1065)	(c) California adjustment	(d)	(e) California amount (combine column (b) and column (c))
<b>Investment Interest</b>	<b>12 a</b> Interest expense on investment debts . . . . .				
	<b>b (1)</b> Investment income included on line 4a through line 4e . . . . .				
	<b>(2)</b> Investment expenses included on line 10 . . . . .				
<b>Credits</b>	<b>13 a</b> Credit for income tax withheld . . . . .				
	<b>b</b> Low-income housing credit . . . . .				
	<b>c</b> Credits other than line 13b related to rental real estate activities. Attach schedule. . . . .				
	<b>d</b> Credits related to other rental activities. See instructions. Attach schedule . . . . .				
	<b>14</b> Other credits. Attach required schedules or statements .				
	<b>14 a</b> Total credits received. Add line 13b through line 14 .				
<b>Adjustments and Tax Preference Items</b>	<b>15 a</b> Depreciation adjustment on property placed in service after 1986 . . . . .				
	<b>b</b> Adjusted gain or loss . . . . .				
	<b>c</b> Depletion (other than oil and gas) . . . . .				
	<b>d (1)</b> Gross income from oil, gas and geothermal properties . . . . .				
	<b>(2)</b> Deductions allocable to oil, gas and geothermal properties . . . . .				
	<b>e</b> Other adjustments and tax preference items. Attach schedule . . . . .				
<b>Other</b>	<b>16 a</b> Total expenditures to which an IRC Section 59(e) election may apply . . . . .				
	<b>b</b> Type of expenditures _____				
	<b>17</b> Tax-exempt interest income . . . . .				
	<b>18</b> Other tax-exempt income . . . . .				
	<b>19</b> Nondeductible expenses . . . . .				
	<b>20</b> Member distributions received . . . . .				
	<b>21</b> Supplemental information required to be reported separately to each member. Attach additional schedules if more space is needed:				

1994

# Nonresident Member's Share of Income, Deductions, Credits, etc.

K-1 NR (568)

MONTH	DAY	YEAR	MONTH	DAY	YEAR
For taxable or income year beginning		1994	, and ending		

<b>Member's identifying number</b> Member's name, address, state and ZIP code	<b>LLC's Secretary of State file number</b> <b>LLC's F.E.I.N.</b> LLC's name, address, state and ZIP code
--	---

**A** Member's share of liabilities:

Nonrecourse . . . . . \$ \_\_\_\_\_

Qualified nonrecourse financing . . . . . \$ \_\_\_\_\_

Other . . . . . \$ \_\_\_\_\_

**B** What type of entity is this member? \_\_\_\_\_

**C** (1) Is this member a foreign member? . . . . . ☐ Yes ☐ No

(2) Is this member a nonresident of California? . . . . . ☐ Yes ☐ No

**D** Enter member's percentage of:

	(i) Before decrease or termination	(ii) End of year
Profit sharing . . . . .	_____ %	_____ %
Loss sharing . . . . .	_____ %	_____ %
Ownership of capital . . . . .	_____ %	_____ %

**E** Check here if this LLC is classified as a publicly traded partnership as defined in IRC Section 469(k)(2) . . . . . ☐

**F** Tax shelter registration number \_\_\_\_\_

**G** Check here if this is:  
☐ a final Schedule K-1 NR (568) ☐ an amended Schedule K-1 NR (568)

<b>H</b> Analysis of member's capital account:				
(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of lines 3, 4 and 7 Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
			(                      )	

<b>I</b> Analysis of member's tax basis:					
(a) Basis at beginning of year	(b) Total of column (e), California amount, lines 1 through 12 (except line 5) and lines 17 through 19.	(c) Other increases during the year	(d) Other decreases during the year	(e) Withdrawals and distributions	(f) Basis at end of year

**Caution:** See the Partner's Instructions for federal Schedule K-1 (1065) before entering information from this schedule on your tax return.

	(a) Distributive share item	(b) Amount from federal Schedule K-1 (1065)	(c) Adjustments	(d) Total amounts using California law	(e) California amounts
<b>Income (Loss)</b>	1 Ordinary income (loss) from trade or business activities . . . . .				
	2 Net income (loss) from rental real estate activities . . . . .				
	3 Net income (loss) from other rental activities . . . . .				
	4 Portfolio income (loss):				
	a Interest . . . . .				
	b Dividends . . . . .				
	c Royalties . . . . .				
	d Net capital gain (loss) . . . . .				
5 Guaranteed payments to members. Allocate . . . . .					
6 Net gain (loss) under IRC Section 1231 (other than due to casualty or theft) . . . . .					
7 Other income (loss). Attach schedule . . . . .					
<b>Deductions</b>	8 a Charitable contributions . . . . .				
	b Political contributions . . . . .				
	9 Expense deduction for recovery property (R&TC Sections 17252.5, 17265, 17266 and IRC Section 179). Attach schedule . . . . .				
	10 Deductions related to portfolio income. Attach schedule . . . . .				
	11 Other deductions. Attach schedule . . . . .				

	(a) Distributive share item	(b) Amount from federal Schedule K-1 (1065)	(c) Adjustments	(d) Total amounts using California law	(e) California amounts
<b>Investment Interest</b>	12 a Interest expense on investment debts . . . . .				
	b (1) Investment income included on lines 4a through 4e				
	(2) Investment expenses included on line 10 . . . . .				
<b>Credits</b>	13 a Credit for income tax withheld (or paid by the LLC) . .				
	b Low-income housing credit . . . . .				
	c Credits other than line 13b related to rental real estate activities. Attach schedule . . . . .				
	d Credits related to other rental activities. See instructions. Attach schedule . . . . .				
	14 Other credits. Attach required schedules or statements . .				
	14 a Total credits received. Add line 13b through line 14 . .				
<b>Adjustments and Tax Preference Items</b>	15 a Depreciation adjustment on property placed in service after 1986 . . . . .				
	b Adjusted gain or loss . . . . .				
	c Depletion (other than oil and gas) . . . . .				
	d (1) Gross income from oil, gas and geothermal properties . . . . .				
	(2) Deductions allocable to oil, gas and geothermal properties. . . . .				
	e Other adjustments and tax preference items. Attach schedule . . . . .				
<b>Other</b>	16 a Total expenditures to which an IRC Section 59(e) election may apply . . . . .				
	b Type of expenditures . . . . .				
	17 Tax-exempt interest income . . . . .				
	18 Other tax-exempt income . . . . .				
	19 Nondeductible expenses . . . . .				
	20 Members distributions received . . . . .				
	21 Supplemental information required to be reported separately to each member. Attach additional schedules if more space is needed:				

1994

Nonresident Member's Share of Income,  
Deductions, Credits, etc.

K-1 NR (568)

MONTH	DAY	YEAR	MONTH	DAY	YEAR
For taxable or income year beginning		1994			, and ending

<b>Member's identifying number</b> Member's name, address, state and ZIP code	<b>LLC's Secretary of State file number</b> <b>LLC's F.E.I.N.</b> LLC's name, address, state and ZIP code
--	---

**A** Member's share of liabilities:

Nonrecourse . . . . . \$ \_\_\_\_\_

Qualified nonrecourse financing . . . . . \$ \_\_\_\_\_

Other . . . . . \$ \_\_\_\_\_

**B** What type of entity is this member? \_\_\_\_\_

**C** (1) Is this member a foreign member? . . . . . ☐ Yes ☐ No

(2) Is this member a nonresident of California? . . . . . ☐ Yes ☐ No

**D** Enter member's percentage of:

	(i) Before decrease or termination	(ii) End of year
Profit sharing . . . . .	_____ %	_____ %
Loss sharing . . . . .	_____ %	_____ %
Ownership of capital . . . . .	_____ %	_____ %

**E** Check here if this LLC is classified as a publicly traded partnership as defined in IRC Section 469(k)(2) . . . . . ☐

**F** Tax shelter registration number \_\_\_\_\_

**G** Check here if this is:  
☐ a final Schedule K-1 NR (568) ☐ an amended Schedule K-1 NR (568)

<b>H</b> Analysis of member's capital account:				
(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of lines 3, 4 and 7 Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
			(                      )	

<b>I</b> Analysis of member's tax basis:					
(a) Basis at beginning of year	(b) Total of column (e), California amount, lines 1 through 12 (except line 5) and lines 17 through 19.	(c) Other increases during the year	(d) Other decreases during the year	(e) Withdrawals and distributions	(f) Basis at end of year

**Caution:** See the Partner's Instructions for federal Schedule K-1 (1065) before entering information from this schedule on your tax return.

	(a) Distributive share item	(b) Amount from federal Schedule K-1 (1065)	(c) Adjustments	(d) Total amounts using California law	(e) California amounts
<b>Income (Loss)</b>	1 Ordinary income (loss) from trade or business activities . . . . .				
	2 Net income (loss) from rental real estate activities . . . . .				
	3 Net income (loss) from other rental activities . . . . .				
	4 Portfolio income (loss):				
	a Interest . . . . .				
	b Dividends . . . . .				
	c Royalties . . . . .				
	d Net capital gain (loss) . . . . .				
5 Guaranteed payments to members. Allocate . . . . .					
6 Net gain (loss) under IRC Section 1231 (other than due to casualty or theft) . . . . .					
7 Other income (loss). Attach schedule . . . . .					
<b>Deductions</b>	8 a Charitable contributions . . . . .				
	b Political contributions . . . . .				
	9 Expense deduction for recovery property (R&TC Sections 17252.5, 17265, 17266 and IRC Section 179). Attach schedule . . . . .				
	10 Deductions related to portfolio income. Attach schedule . . . . .				
	11 Other deductions. Attach schedule . . . . .				

Side 2 Schedule K-1 NR (568) 1994

3885L

CALIFORNIA SCHEDULE

D (568)

FTB 3885L/Schedule D (568) 1994 **Side 1**

# Instructions for Form FTB 3885L

## Depreciation and Amortization

### General Information

#### A Purpose of this Schedule

Depreciation is the annual deduction allowed to recover the cost or other basis of business or income producing property with a determinable useful life of more than one year. However, land and goodwill are not depreciable.

Amortization is similar to the straight-line method of depreciation in that an annual deduction is allowed to recover certain costs over a fixed period of time.

In general, California law follows federal law for assets placed in service on or after January 1, 1987.

Use form FTB 3885L to compute depreciation and amortization allowed as a deduction on Form 568. Attach form FTB 3885L to Form 568.

#### B Calculation Methods

California did not allow depreciation under the federal ACRS for years prior to 1987.

### Specific Line Instructions

#### Line 1 – California depreciation for assets placed in service before January 1, 1987 and amortization for assets and property placed in service before January 1, 1994

Complete columns (a) through (j) for each asset or group of assets for property placed in service before January 1, 1987 for depreciation and before January 1, 1994 for amortization. Enter the column (g) totals on line 1(g). Enter the column (j) totals on line 1(j).

#### Line 2 – California Depreciation for Assets Placed in Service on or after January 1, 1987

Complete the following worksheet to compute the amount to enter on line 2:

1. Amount from federal Form 4562, Part II and III, lines 14 through 19 . . . . .
2. Amount from federal Form 4562, lines 16, 17, 18 and 19, to the extent applicable to assets acquired before January 1, 1987. . . . .
3. Subtract line 2 from line 1, enter amount on form FTB 3885L, line 2. . . . .

#### Assets with a Federal Basis Different from California Basis

Some assets placed in service on or after January 1, 1987, will have a different adjusted basis for California purposes due to the credits claimed or accelerated write-offs of the assets. Review the list of depreciation and amortization items in the instructions for Schedule CA (540), California Adjustments — Residents, and Schedule CA (540NR), California Adjustments — Non-residents or Part-Year Residents. If the LLC has any other adjustments to make, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments, for more information.

#### Line 5 – Total Depreciation and Amortization

Add line 3 and line 4. Enter the total on line 5 and on Form 568, line 16a.

If depreciation or amortization is from rental real estate activities, it may be necessary to complete another form FTB 3885L. In this case, enter the amount from this second form FTB 3885L, line 5 on federal Form 8825, line 14. Use California amounts to determine the depreciation or amortization on federal Form 8825.

# Instructions for Schedule D (568)

## Capital Gains and Loss

### General Information

Use Schedule D (568) to report the sale or exchange of capital assets, except capital gains (losses) that are specially allocated to any members.

Enter specially allocated capital gains (losses) received by the LLC as a member in other LLCs, partnerships and from fiduciaries on Schedule D (568), line 3. Enter capital gains (losses) that are specially allocated to members on line 4d of Schedule K (568) and Schedule K-1 (568) or Schedule K-1 NR (568). Do not include these amounts on Schedule D (568). See the instructions for Schedule K (568) and Schedule K-1 (568) and Schedule K-1 NR (568) for more information. Also refer to the instructions for federal Schedule D (1065).

## 1994 Depreciation and Amortization

3885L

Name as shown on return							F.E.I.N. or Secretary of State file number			
Assets placed in service before 1/1/87 (depreciation): Property placed in service before 1/1/94 (amortization):				Depreciation of Assets			Amortization of Property			
<b>1</b>	(a) Description of property	(b) Date acquired	(c) Cost or other basis	(d) Dep'n or Amortiz'n allowed or allowable in earlier years	(e) Method of figuring depreciation	(f) Life or rate	(g) Depreciation for this year	(h) Code section	(i) Period or percentage	(j) Amortization for this year
Enter line 1, column (g) and column (j) totals here . . . . .										
<b>Depreciation</b>										
<b>2</b> California depreciation for assets placed in service on or after January 1, 1987. See instructions and enter the amount from line 3 of the worksheet in the instructions . . . . .										<b>2</b>
<b>Note:</b> Be sure to make adjustments for any basis differences.										
<b>3</b> Total California depreciation. Add line 1(g) and line 2 . . . . .										<b>3</b>
<b>Amortization</b>										
<b>4</b> Total California amortization. Add line 1(j) and the total amount from federal Form 4562, Part VI, line 39, column (f) . . . . .										<b>4</b>
<b>Note:</b> Be sure to make adjustments for any basis differences.										
<b>5</b> Total depreciation and amortization. Add line 3 and line 4. Enter the total here and on Form 568, Side 1, line 16a, if from a trade or business, or on federal Form 8825, line 14, if from rental real estate activities . . . . .										<b>5</b>

1994 Capital Gain or Loss

D (568)

[illegible]

# Instructions for Form FTB 3885L

## Depreciation and Amortization

### General Information

#### A Purpose of this Schedule

Depreciation is the annual deduction allowed to recover the cost or other basis of business or income producing property with a determinable useful life of more than one year. However, land and goodwill are not depreciable.

Amortization is similar to the straight-line method of depreciation in that an annual deduction is allowed to recover certain costs over a fixed period of time.

In general, California law follows federal law for assets placed in service on or after January 1, 1987.

Use form FTB 3885L to compute depreciation and amortization allowed as a deduction on Form 568. Attach form FTB 3885L to Form 568.

#### B Calculation Methods

California did not allow depreciation under the federal ACRS for years prior to 1987.

### Specific Line Instructions

#### Line 1 – California depreciation for assets placed in service before January 1, 1987 and amortization for assets and property placed in service before January 1, 1994

Complete columns (a) through (j) for each asset or group of assets for property placed in service before January 1, 1987 for depreciation and before January 1, 1994 for amortization. Enter the column (g) totals on line 1(g). Enter the column (j) totals on line 1(j).

#### Line 2 – California Depreciation for Assets Placed in Service on or after January 1, 1987

Complete the following worksheet to compute the amount to enter on line 2:

1. Amount from federal Form 4562, Part II and III, lines 14 through 19 . . . . .
2. Amount from federal Form 4562, lines 16, 17, 18 and 19, to the extent applicable to assets acquired before January 1, 1987. . . . .
3. Subtract line 2 from line 1, enter amount on form FTB 3885L, line 2. . . . .

#### Assets with a Federal Basis Different from California Basis

Some assets placed in service on or after January 1, 1987, will have a different adjusted basis for California purposes due to the credits claimed or accelerated write-offs of the assets. Review the list of depreciation and amortization items in the instructions for Schedule CA (540), California Adjustments — Residents, and Schedule CA (540NR), California Adjustments — Non-residents or Part-Year Residents. If the LLC has any other adjustments to make, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments, for more information.

#### Line 5 – Total Depreciation and Amortization

Add line 3 and line 4. Enter the total on line 5 and on Form 568, line 16a.

If depreciation or amortization is from rental real estate activities, it may be necessary to complete another form FTB 3885L. In this case, enter the amount from this second form FTB 3885L, line 5 on federal Form 8825, line 14. Use California amounts to determine the depreciation or amortization on federal Form 8825.

# Instructions for Schedule D (568)

## Capital Gains and Loss

### General Information

Use Schedule D (568) to report the sale or exchange of capital assets, except capital gains (losses) that are specially allocated to any members.

Enter specially allocated capital gains (losses) received by the LLC as a member in other LLCs, partnerships and from fiduciaries on Schedule D (568), line 3. Enter capital gains (losses) that are specially allocated to members on line 4d of Schedule K (568) and Schedule K-1 (568) or Schedule K-1 NR (568). Do not include these amounts on Schedule D (568). See the instructions for Schedule K (568) and Schedule K-1 (568) and Schedule K-1 NR (568) for more information. Also refer to the instructions for federal Schedule D (1065).

# Member's Instructions for Schedule K-1 (568) and Schedule K-1 NR (568)

## General Information

### A Purpose of Schedule K-1 (568) and Schedule K-1 NR (568)

The LLC uses Schedule K-1 (568) and Schedule K-1 NR (568) to report to you your share of the LLC's income, deductions, credits, etc. Please keep it for your records. Do not file it with your tax return. A copy has been filed with the Franchise Tax Board by the LLC.

**You are subject to tax on your share of the LLC income, whether or not distributed.**

The amount of loss and deduction that you may claim on your tax return may be less than the amount reported on Schedule K-1 (568) or Schedule K-1 NR (568). Generally, the amount of loss and deduction you may claim is limited to your basis in the LLC and the amount for which you are considered at-risk. If you have losses, deductions or credits from a passive activity, you must also apply the passive activity limitation rules. It is the member's responsibility to consider and apply any applicable limitations. See General Line Instruction A, Limitations on Losses, Deductions and Credits below.

You should read the federal Schedule K-1 (1065) instructions before completing your tax return with this Schedule K-1 (568) or Schedule K-1 NR (568) information.

### B Definitions

#### Member

A member is one whose potential personal liability for LLC debts is limited to the amount of money or other property that the member contributed or is required to contribute to the LLC.

#### Nonrecourse Loans

Nonrecourse loans are those liabilities of the LLC for which none of the members has any personal liability.

#### Corporate Members

Corporate members of LLCs doing business in California are considered to be doing business in California and are therefore subject to the corporate franchise tax.

#### Elections

Generally, the LLC decides how to figure taxable income from its operations. For example, it chooses the accounting method and depreciation methods it will use.

However, certain elections are made by you separately on your individual income tax return and not by the LLC. These elections are made under the following federal IRC sections, to which California conforms:

- IRC Section 108(b)(5) (income from discharge of indebtedness); and
- IRC Section 617 (deduction and recapture of certain mining exploration expenditures, paid or incurred).

### C Specific Instructions

#### Name, Address and Identifying Number

Enter your name, address and identifying number, as well as the LLC's name, address and identifying number.

#### Questions A through C and Items D through G

The questions and items at the top of Schedule K-1 (568) or Schedule K-1 NR (568) are completed by the LLC for all members. For more information, see the federal instructions for Schedule K-1 (1065).

#### Schedule K-1 (568) or Schedule K-1 NR (568)

If you are an individual member, the amounts in column (c), California adjustments, that are from nonpassive activities must be reported on the appropriate California schedule; i.e., Schedule D, Schedule D-1, or Schedule CA (540 or 540NR).

Amounts in column (e), California amount, that are from passive activities must be reported on form FTB 3801, Passive Activity Loss Limitations, and the related worksheets that are used to figure any passive loss limitations.

If you are not an individual member, report the amounts as instructed on your tax return.

## General Line Instructions

#### Line 1 through Line 3

– The amounts shown on line 1 through line 3 reflect your share of income or loss from LLC business or rental operations without reference to limitations on losses or adjustments that may be required of you because of:

- the adjusted basis of your LLC interest;
- the amount for which you are at-risk as determined under IRC Section 465; or
- the passive activity limitations of IRC Section 469.

See the federal partnership instructions for line 1 through line 23 for more information. **Note:** Federal line 15a through line 15c and line 17a through line 17g do not apply to California.

### A Limitations on Losses, Deductions and Credits

There are three separate potential limitations on the amount of LLC losses that you may deduct on your return. These limitations and the order in which they must be applied are: the basis rules, the at-risk rules and the passive loss rules. Each of these limitations is discussed separately below.

**Note:** Other limitations may apply to specific deductions; for example, the investment interest expense deduction. These limitations on specific deductions generally apply before the basis, at-risk and passive loss limitations.

#### Basis Rules

Generally, you may not claim your share of an LLC loss (including a capital loss) that is greater than the adjusted basis of your LLC interest at the end of the LLC's taxable year.

You can compute the adjusted basis of your LLC interest by adding items which increase your basis and then subtracting items which decrease your basis.

Items that increase your basis are:

- money and your adjusted basis of property contributed to the LLC;
- your share of the LLC's income; and

- your share of the increase in the liabilities of the LLC (or your individual liabilities caused by your assumption of LLC liabilities).

Items that decrease your basis are:

- money and your adjusted basis of property distributed to you;
- your share of the LLC's losses; and
- your share of the decrease in the liabilities of the LLC (or your individual liabilities assumed by the LLC).

This is not a complete list of items and factors that determine basis. Get federal Publication 541 for a complete discussion of how to determine the adjusted basis of a partnership interest. This information will be applicable for your interest in the LLC.

Generally, the California basis is the same as the federal basis.

#### At-Risk Rules

Generally, if you have: (1) a loss or other deduction from an activity carried on as a trade or business or for the production of income by the LLC; and (2) amounts in the activity for which you are not at-risk, you will have to complete federal Form 6198, At-Risk Limitations, to figure the allowable loss to report on your return. Complete federal Form 6198 using California amounts.

The at-risk rules generally limit the amount of loss, (including loss on disposition of assets) and other deductions (such as the IRC Section 179, R&TC Sections 17252, 17265 and 17266 deduction) that you can claim to the amount you could actually lose in the activity. See the federal instructions for Schedule K-1 (1065), At-Risk Rules, for more information.

#### Passive Loss Rules

IRC Section 469 limits the deduction of certain losses and credits. California law conforms to this federal provision. These rules apply to members who:

- are individuals, estates, trusts, closely held corporations, personal service corporations or S corporations; and
- have a passive activity loss or credit for the taxable year.

A passive activity is generally a trade or business activity in which the member does not materially participate or a rental activity. An LLC may have more than one activity. Each member must apply the passive activity loss limitations on an activity by activity basis.

Individuals, estates and trusts must complete form FTB 3801, Passive Activity Loss Limitations, to figure the allowable passive losses, and form FTB 3801-CR, Passive Activity Credit Limitations, to figure the allowable passive credits. Corporations must complete form FTB 3802, Corporate Passive Activity Loss and Credit Limitations.

The amounts reported on line 1 and line 14 of Schedule K-1 (568) or Schedule K-1 NR (568) are passive activity income (loss) or credits from the trade or business of the LLC to some members. The amounts reported on line 2, line 3 and line 13b of Schedule K-1 (568) and Schedule K-1 NR (568) are from rental activities of the LLC and are passive activity income (loss) or credits to all members. There is an exception to this rule for losses incurred by qualified investors in qualified low-income housing projects. The LLC will identify any of these qualified amounts on an attachment for line 2.

See the federal instructions for Schedule K-1 (1065), Passive Activity Limitations, for more information.

## Specific Line Instructions

### A Income

#### Line 1 – Ordinary Income (Loss) from Trade or Business Activities

The amount reported on line 1, column (e), is your share of the ordinary income (loss) from the trade or business activities of the LLC. For individual members, generally, where you report this amount on Form 540 or Form 540NR depends on whether or not the amount is from an activity that is a passive activity to you.

If, in addition to this passive activity income, you have a passive activity loss from this LLC or from any other source, report the income on, form FTB 3801. If a loss is reported on line 1, column (e), report the loss on the applicable line of form FTB 3801, to determine how much of the loss is allowable.

**Note:** If the LLC income is from activities within and outside California, the amount of income a nonresident member must report on their income tax return is a function of the LLC's allocation and apportionment percentage. Reporting instructions are included in the information provided by the LLC. See also 18 Cal. Code Reg. Sections 17951-4 and 25137-1 for more information.

#### Line 2 – Income (Loss) from Rental Real Estate Activities

Generally, the income (loss) reported on line 2, column (e), is a passive activity amount to all members. There is an exception, however, for losses from a qualified low-income housing project. The loss limitations of IRC Section 469 do not apply to qualified investors in qualified low-income housing projects. If applicable, the LLC will attach a schedule for line 2 to identify such amounts. You will have to report the California adjustment amount from column (c) on Schedule CA (540 or 540NR).

Use the following instructions to determine where to enter a line 2 amount.

- If you have a loss on line 2, column (e) (other than a qualified low-income housing project loss), enter the loss on the applicable line of form FTB 3801 to determine how much of the loss is allowable. Your share of the loss may be eligible for the special \$25,000 allowance for rental real estate losses. Get the instructions for form FTB 3801 for more information.

See the federal Specific Line Instructions for line 2, item 1 and item 2 for more information.

**Note:** If you are a qualified investor reporting a qualified low-income housing project loss, report the California adjustment amount from column (c) on Schedule CA (540 or 540NR).

- If you have only income on line 2, column (e), and no other passive losses, enter the California adjustment amount from column (c) on Schedule CA (540 or 540NR). However, if in addition to this passive activity income, you have a passive activity loss from this LLC or from any other source, report the line 2, column (e), income on the applicable line of form FTB 3801.

**Line 3 – Income or Loss from Other Rental Activities**

The amount on line 3, column (e) is a passive activity amount for all members.

- If line 3, column (e) is a loss, report the loss on the applicable line of form FTB 3801.
- If only income is reported on line 3, column (e), and you have no other passive losses, report the California adjustment from column (c) on Schedule CA (540 or 540NR). However, if in addition to this passive activity income, you have a passive activity loss from this LLC or from any other source, report the line 3 income on the applicable line of form FTB 3801.

**Line 4a through**

**Line 4e – Portfolio Income (Loss)**

Portfolio income or (loss) referred to as “portfolio” in these instructions is not subject to the passive activity limitations of IRC Section 469. Portfolio income includes interest, dividend and royalty income and gain or loss on the sale of property held for investment. If you have amounts on Schedule K-1 (568) or Schedule K-1 NR (568), line 4a through line 4e, report these amounts as follows:

- Line 4a, column (c) — Report on Schedule CA (540 or 540NR), line 8, column B or line 8, column C, whichever is applicable;
- Line 4b, column (c) — Report on Schedule CA (540 or 540NR), line 9, column B or line 9, column C, whichever is applicable;
- Line 4c, column (c) — Report on Schedule CA (540 or 540NR), line 17, column B or line 17, column C, whichever is applicable;
- Line 4d, column (e) — Report on Schedule D; and
- Line 4e, column (e) — Report on applicable schedule.

**Caution:** Generally, amounts reported on line 4d and line 4e are gains or losses attributable to the disposition of property held for investment and are, therefore, classified as portfolio income (loss). If, however, an amount reported on line 4d or line 4e column (e) is a passive activity amount, the LLC will identify the amount.

The LLC uses line 4e, column (e), to report portfolio income other than interest, dividend, royalty and capital gain (loss) income. The LLC will attach a schedule or use the space provided on Side 2 of Schedule K-1 (568) or Schedule K-1 NR (568) to tell you what kind of portfolio income is reported on line 4e, column (e). An example of portfolio income that could be reported on line 4e, column (e), is from a real estate mortgage investment conduit (REMIC) in which the LLC is a residual interest holder.

If the LLC has a residual interest in a REMIC, it will report on the schedule your share of REMIC taxable income (net loss). Report the adjustment amount from column (c) on Schedule CA (540 or 540NR). The schedule will also report your share of “excess inclusion” and your share of IRC Section 212 expenses. If you itemized your deductions on federal Schedule A (1040), you may deduct these IRC Section 212 expenses as a miscellaneous deduction subject to the 2 percent adjusted gross income limit and the high income taxpayer adjustment.

**Line 5 – Guaranteed Payments to Members**

Generally, amounts on this line are not part of a passive activity. If there is an amount on Schedule K-1 (568) or Schedule K-1 NR (568), line 5 column (c), enter this amount on Schedule CA (540 or 540NR), line 21, column B or line 21, column C, whichever is applicable.

**Line 6 – Net Gain (Loss) Under IRC Section 1231 (Other Than Due to Casualty or Theft)**

If the amount on line 6 relates to rental activity, the IRC Section 1231 gain (loss) is a passive activity amount. If the amount relates to a trade or business activity and you are a member, the IRC Section 1231 gain (loss) is a passive activity amount.

- If the amount is not a passive activity amount to you, report it on Schedule D-1, Sales of Business Property, line 2, column (g) or column (h), whichever is applicable. You do not have to complete column (b) through column (f). Write “From Schedule K-1 (568) or Schedule K-1 NR (568)” across these columns.
- If a gain is reported on line 6, column (e), and it is a passive activity amount to you, report the gain on Schedule D-1, line 2, column (h), and be sure to see “Passive Loss Limitations” on page 1 of the instructions for Schedule D-1.
- If a loss is reported on line 6, column (e), and it is a passive activity amount to you, see “Passive Loss Limitations” on page 1 of the instructions for Schedule D-1. You must use form FTB 3801 to determine how much of the loss is allowed on Schedule D-1.

**Line 7 – Other Income (Loss)**

Amounts on this line are other items of income, gain or (loss) not included on line 1 through line 6.

The LLC should give you a description of the amount of your share for each of these items.

The instructions below tell you where to report line 7 items if the items are not passive activity amounts.

Report loss items that are passive activity amounts on form FTB 3801.

Report income or gain items that are passive activity amounts as instructed below. However, if in addition to this passive activity income or gain, you have passive activity losses from any other source, report the passive activity income or gain on form FTB 3801.

Line 7 items may include:

- LLC gains from disposition of farm recapture property (get Schedule D-1) and other items to which IRC Section 1252 applies;
- recoveries of bad debts, prior taxes and delinquency amounts (IRC Section 111). Report the amount from line 7, column (c), on Schedule CA (540 or 540NR), line 21f, column B or line 21f, column C, whichever is applicable;
- gains and losses from wagering (IRC Section 165(e));
- any income, gain or (loss) to the LLC under IRC Section 751. Report this amount on Schedule D-1, line 10;
- specially allocated ordinary gain or (loss). Report this amount on Schedule D-1, line 10; and
- net gain or (loss) from involuntary conversions due to casualty or theft. The LLC will give you a schedule that shows the California amounts to be entered on federal Form 4684, Casualties and Thefts, Sec-

tion B, Part II, line 34, column (b)(i), column (b)(ii) and column (c).

3526, Investment Interest Expense Deduction, and federal Publication 550, Investment Income and Expenses.

## B Deductions

### Line 8a

#### & Line 8b – Charitable and Political Contributions

The LLC will give you a schedule that shows which contributions were subject to the 50 percent, 30 percent and 20 percent limitations. For further information, see the instructions for federal Form 1040.

If there is an amount on Schedule K-1 (568) or Schedule K-1 NR (568), line 8a or line 8b, column (c), enter this amount on Schedule CA (540 or 540NR), line 36.

#### Line 9 – Expense Deduction for Recovery Property

The maximum amount of expense deduction for recovery property (IRC Section 179 deduction) that you can claim for all sources is \$10,000. The \$10,000 limit is reduced if the total cost of IRC Section 179 property placed in service during the year exceeds \$200,000. The LLC will give you information on your share of the IRC Section 179 deduction and of the cost of the LLC's IRC Section 179 property so that you can compute this limitation. Your IRC Section 179 deduction is also limited to your taxable income from all of your trades or businesses. See form FTB 3885A, Depreciation and Amortization Adjustments and get federal Publication 534, Depreciation, for more information.

If the IRC Section 179 deduction is a passive activity amount, report it on the applicable line of form FTB 3801. If it is not a passive activity amount, and there is an amount on Schedule K-1 (568) or Schedule K-1 NR (568), line 9, column (c), enter this amount on Schedule CA (540 or 540NR), line 21f, column B or line 21f, column C, whichever is applicable.

Refer to R&TC Sections 17252.5, 17265 and 17266 on how to figure the expense deduction for recovery property.

#### Line 10 – Deduction Related to Portfolio Income

Amounts entered on this line are the deductions that are clearly and directly allocable to portfolio income (other than investment interest expense and expenses from a REMIC). If you have an amount on Schedule K-1 (568) or Schedule K-1 NR (568), line 10, column (c), enter this amount on Schedule CA (540 or 540NR), line 21f, column B or column C, as applicable. If any of the line 10 amount should not be reported on Schedule CA (540 or 540NR), the LLC will have identified that amount for you.

#### Line 11 – Other Deductions

Amounts on this line are deductions not included on line 8a through line 10. If there is an amount on Schedule K-1 (568) or Schedule K-1 NR (568), line 11, column (c), enter this amount on the applicable line of Schedule CA (540 or 540NR).

## C Investment Interest Expense

If the LLC paid or accrued interest on debts it incurred to buy or hold investment property, the amount of interest you can deduct may be limited.

For more information and the special provisions that apply to investment interest expense, get form FTB

#### Line 12a – Interest Expense on Investment Debts

Enter the amount from column (e) on form FTB 3526 along with your investment interest expense from any other sources. Form FTB 3526 will help you determine how much of your total investment interest is deductible.

#### Line 12b(1)

#### & Line 12b(2) – Investment Income and Investment Expenses

Use the column (e) amounts to determine the amount to enter on form FTB 3526, line 3.

**Caution:** The amounts shown on line 12b(1) and line 12b(2) include only investment income and expenses included on line 4 and line 10 of this Schedule K-1 (568) or Schedule K-1 NR (568). The LLC should attach a schedule that shows the amount of any investment income and expenses included in any other lines of this Schedule K-1 (568) or Schedule K-1 NR (568). Use these amounts, if any, to adjust line 12b(1) and line 12b(2) to determine your total investment income and total investment expenses from this LLC.

Combine these totals with investment income and expenses from all other sources to determine the amount to enter on form FTB 3526, line 3.

## D Credits

#### Line 13(a) – Income Tax Withheld

On line 13(a), also include any income tax withheld on behalf of a nonresident member electing not to consent to California's jurisdiction to tax the member's pro rata share of the LLC income by not being included on form FTB 3832 filed by the LLC.

If you have credits that are passive activity credits to you, you must complete form FTB 3801-CR (or form FTB 3802 for corporations) in addition to the credit forms referenced. Get the instructions for form FTB 3801-CR (or form FTB 3802) for more information.

#### Line 13b – Low-Income Housing Credit

Your share of the LLC's low-income housing credit is shown on line 13b, column (e). Any allowable credit is entered on form FTB 3521, Low-Income Housing Credit. The passive activity credit limitations of IRC Section 469, however, may limit the amount of credit you take. Credits from passive activities are generally limited to tax attributable to passive activities.

**Caution:** You cannot claim the low-income housing credit on any qualified low-income housing project for which any person was allowed any benefit under Section 502 of the Tax Reform Act of 1986.

#### Line 13c – Other Credits Related to Rental Real Estate Activities

If applicable, the LLC will use this line, through an attached schedule, to give you the information you need to compute credits related to rental real estate activities other than the low-income housing credit.

#### Line 13d – Credits Related to Other Rental Activities

If applicable, the LLC will use this line, through an attached schedule, to give you the information you need

to compute credits related to rental activities other than rental real estate activities.

**Line 14 – Other Credits**

If applicable, the LLC will use this line, through an attached schedule, to give you the information you need to compute credits related to a trade or business activity.

Examples of credits that may be reported on line 14 (depending on the type of activity they relate to) include:

- enterprise zone hiring and sales and use tax credit — get form FTB 3805Z.
- jobs credit — get form FTB 3524.
- orphan drug credit carryover — get form FTB 3540.
- employer child care program/contribution credit — get form FTB 3501.
- program area hiring and sales and use tax credit — get form FTB 3805Z.
- Los Angeles revitalization zone hiring and sales and use tax credit — get form FTB 3806.
- research credit — get form FTB 3523.
- commercial solar electric system credit carryover — get form FTB 3540.
- prison inmate labor credit — get form FTB 3507.
- low-emission vehicles credit — contact the California Energy Commission for more information. Use credit code 160.
- recycling equipment credit — get form FTB 3527.

**Note:** The passive activity limitations of IRC Section 469 may limit the amount of credits you take on line 13b, line 13c, line 13d and line 14. Line 13b, line 13c and line 13d credits are related to the rental activities of the LLC and are passive activity credits to all members. Line 14 credits are related to the trade or business activities of the LLC and some are passive activity credits to all members. In general, credits from passive activities are limited to tax attributable to passive activities. Credits on line 14 that may be limited under the passive activity credit rules are the:

- jobs credit;
- orphan drug credit carryover;
- research credit; and
- low-income housing credit.

You may be able to use line 13d credits against tax on other income. The amount of the useable credits is limited to the deduction equivalent up to \$25,000 (net of losses from rental real estate activities deductible against up to \$25,000 of other income).

You may also include on line 14 your distributive share of net income taxes paid to other states by the LLC. Subject to the limitations of R&TC Section 18006, members may claim a credit against their individual tax for net income taxes paid by the LLC to another state. The amount of tax paid is required to be supported by a copy of the return filed with the other state and evidence of the payment of the tax. Get Schedule S, Other State Tax Credit, for more information.

tions — Residents; Schedule P (540NR), Alternative Minimum Tax and Credit Limitations — Nonresidents or Part Year Residents; Schedule P (541), Alternative Minimum Tax and Credit Limitations — Fiduciaries; or Schedule P (100), Alternative Minimum Tax and Credit Limitations — Corporations. For additional information, see the federal instructions for Schedule K-1 (1065), Tax Preference Items, line 16a through line 16e.

**F Other****Line 16 through**

**Line 19** — See the federal instructions for Schedule K-1 (1065), Other, line 18 through line 21. The LLC should give you a description and the amount of your share for each item applicable to California, in this category.

**Line 21** — If the LLC income is from activities within and outside California, the LLC will complete Schedule R, Apportionment and Allocation of Income, to determine the LLC income from California sources. Nonresident and corporate members must report their share of income apportioned or allocated to California as indicated on Schedule K-1 NR (568). Special rules apply if a member and the LLC engage in a unitary business. See 18 Cal. Code Reg. Sections 17951 and 25137-1 for more information. Resident members must report all of their share of the LLC's income. However, you may qualify for a credit for taxes paid to other states on income which is apportioned or allocated to a state other than California. Information on this line has been provided by the LLC to enable resident and nonresident members to properly report their income.

**E Adjustments and Tax Preference Items****Line 15a through Line 15e**

**column (e)** — Use the information reported on line 15a through line 15e, column (e) as well as your adjustments and tax preference items from other sources to complete Schedule P (540), Alternative Minimum Tax and Credit Limita-

# Limited Liability Company's List of Members and Consents

1994

3832

For use by limited liability companies (LLCs) with one or more nonresident members. Attach to Form 568 and give a copy to each nonresident member. Use additional sheet(s) if necessary.

Limited liability company name

Secretary of State file number

Federal employer identification number

**Note:** Completion of this form does not satisfy the requirements for filing an individual income tax return for California.

List below the names and identification numbers of members of record at the end of the LLC's taxable year.

Number	Member's name	Only nonresident members must sign: I consent to the jurisdiction of the State of California to tax my pro rata share of the LLC income attributable to California sources.		Social security no./Federal employer identification no.
		Signature	Date	
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

List below the names and identification numbers of members who sold or transferred their ownership interest before the end of the LLC's taxable year.

Number	Member's name	Only nonresident members must sign: I consent to the jurisdiction of the State of California to tax my pro rata share of the LLC income attributable to California sources.		Social security no./Federal employer identification no.
		Signature	Date	
1				
2				
3				
4				
5				

## General Information

### A Purpose of Form

When an LLC has one or more members who are nonresidents of California, use form FTB 3832 to:

- list the names and social security numbers or federal identification numbers of all members; and
- obtain the signature of each nonresident member evidencing consent to the jurisdiction of California to tax their pro rata share of income attributable to California sources.

**Note:** If a member fails to sign form FTB 3832, the LLC is required to pay tax on the members' distributive share of income at the highest marginal rate. Any amount paid by the LLC will be considered a payment made by the member.

### B Nonresidents Who Must File a California Return

If you are a nonresident member, in addition to form FTB 3832, you may also need to file Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. Form 540NR must be filed if you had income from California sources and:

- you were single or unmarried in 1994 and your gross income from all sources was more than \$8,000; or adjusted gross income from all sources was more than \$6,000; or
- you were married in 1994, and you and your spouse had a combined gross income from all sources of more than \$16,000; or adjusted gross income from all sources of more than \$12,000, or
- you owe \$1 or more of tax.

### C Group Nonresident Shareholder Return

Nonresident members of an LLC doing business in California may elect to file a group nonresident return using Form 540NR. For more information, get FTB Pub. 1073, Guidelines for Filing a Group Nonresident Return for Nonresident Partners/Members of a Partnership/Limited Liability Company.

1994

# Instructions for Automatic Extension for Limited Liability Companies

3537

## General Information

If a limited liability company (LLC) cannot file its California LLC return by the 15th day of the fourth month following the close of the taxable year (fiscal year filers) or April 17, 1995 (calendar year filers) it may file its LLC return on or before the 15th day of the tenth month following the close of the taxable year (fiscal year filers) or October 17, 1995 (calendar year filers), without filing a written request for an extension.

However, to avoid late payment penalties and interest, 100 percent of the 1994 LLC fee, the 1995 LLC tax of \$800 and the 1994 tax for nonresident members that failed to sign form FTB 3832, Limited Liability Company's List of Members and Consents, must be paid by the 15th day of the fourth month following the close of the taxable year (fiscal year filers) or April 17, 1995 (calendar year filers). Use the payment voucher below to mail in the payment. Enter the LLC fee due in Box 1; the LLC tax due in Box 2; the tax due for nonresident members in Box 3; and the total payment due in Box 4 on the form FTB 3537 payment voucher below. **Mail only the voucher portion** with the payment to:

**Franchise Tax Board  
P.O. Box 942867  
Sacramento, CA 94267-0051**

The LLC return when filed on or before the 15th day of the tenth month following the close of the taxable year (fiscal year filers) or October 16, 1995 (calendar year filers), will verify that the LLC qualified for the extension.

List the names, social security numbers or F.E.I.N.s and the tax due for each nonresident member, that failed to sign form FTB 3832 on Side 2.

## Penalties and Interest

Remember, an extension of time to file the LLC return is not an extension of time to pay the LLC fee, the LLC tax or the tax for nonresident members. If the LLC fails to pay its total tax liability by the 15th day of the fourth month following the close of the taxable year (fiscal year filers) or April 17, 1995 (calendar year filers), a late payment penalty plus interest will be added to the tax due.

CUT HERE

TAXABLE YEAR

1994

## Payment Voucher for Automatic Extension for Limited Liability Companies

CALIFORNIA FORM

3537

5 6 8	Secretary of State file number		Federal employer identification number		Fiscal year filers, enter year ending	
	Limited liability company name				Box 1 LLC fee due	
	Address				\$	00
	City State ZIP code				Box 2 LLC tax due	
					\$	00
				Box 3 Member's tax due		
				\$	00	
Franchise Tax Board P.O. Box 942867 Sacramento, CA 94267-0051				Box 4 Total payment		
				\$	00	

----- CUT HERE -----

List of nonresident members that failed to sign form FTB 3832

Member's name	Social security number or FEIN	Tax due \$

Total tax due. Enter this amount in Box 3 on Side 1 .....

\$

Attach additional sheets if necessary.

# Instructions for Form FTB 3522

## Limited Liability Company Tax Voucher

### General Information

#### A Purpose of Form

Use form FTB 3522 to pay the LLC annual tax of \$800 for taxable years beginning in 1994.

#### B Who Must Pay the LLC Annual Tax

Every LLC doing business in California or that has articles of organization accepted, or a certificate of registration issued by the California Office of the Secretary of State is subject to the LLC annual tax of \$800. The tax must be paid for each taxable year until a certificate of dissolution or a cancellation of registration or of articles of organization is filed with the California Office of the Secretary of State.

#### C Where to Mail the LLC Annual Tax

Mail the LLC annual tax to:

**Franchise Tax Board  
P.O. Box 942867  
Sacramento, CA 94267-0051**

#### D When to Pay the LLC Annual Tax

The LLC annual tax is due and payable on or before the 15th day of the fourth month after the beginning of the LLC's taxable year.

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TAXABLE YEAR

Limited Liability Company  
1994 Tax Voucher

CALIFORNIA FORM

3522

Type or print the taxable year, Secretary of State file number, FEIN, name and address in the spaces below.

For taxable year beginning	MONTH	DAY	YEAR	, and ending	MONTH	DAY	YEAR
Limited liability company name					Secretary of State file number		
Address				Federal employer identification number			
City		State		ZIP code			

**DUE DATE** — Due the 15th day of the fourth month of the taxable year.

**AMOUNT DUE**

Return this form with a check or money order to: **FRANCHISE TAX BOARD,  
P.O. BOX 942867, SACRAMENTO, CA 94267-0051**

\$	800	00
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## Regular Toll-Free Phone Service

Our regular toll-free phone service is available from 7:00 a.m. until 8:00 p.m. Monday through Friday from January 3 through April 17, 1995. The best times to call are between 7:00 and 10:00 in the morning and between 6:00 and 8:00 in the evening. Service is also available on Saturdays, April 8 and April 15, from 8:00 a.m. until 5:00 p.m. After April 17, service is available Monday through Friday, between 8:00 a.m. and 5:00 p.m.

From within the United States . . . . . 1-800-852-5711

From outside the United States . . . . . 1-916-845-6500  
(not toll-free)

From hearing impaired with TDD . . . . . 1-800-822-6268

For federal tax questions, call the IRS at  
1-800-829-1040.

### Bilingual Assistance

Para obtener servicio bilingüe de información sobre impuestos o formularios, al número de teléfono (anotado arriba) que le corresponde.

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## Letters

We can serve you quickly if you call us or visit a district office for information to complete your California tax return. However, you may want to write to us if you are replying to a notice we sent you, or to get a reply in writing.

If you write to us be sure to include your federal identification number and your daytime and evening telephone numbers in your letter. Send your letter to:

**Franchise Tax Board**  
**P.O. Box 942840**  
**Sacramento, CA 94240-0040**

We will acknowledge receipt of your letter within six to eight weeks. In some cases, we may need to call you for additional information.

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## Your Rights As A Taxpayer

Our goal at the Franchise Tax Board is to make certain that your rights are protected, so that you will have the highest confidence in the integrity, efficiency and fairness of our state tax system. FTB Pub. 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program and how you can request written advice from the Franchise Tax Board on whether a particular transaction is taxable. You can order FTB Pub. 4058 by writing or calling the Franchise Tax Board using the address or telephone number on this page.

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## Personal Assistance

Addresses of FTB offices are shown below. You can get information and California tax forms, and you can resolve problems involving your account. Our district offices are open Monday through Friday from 8:00 a.m. to 5:00 p.m.

District Offices	Address
Bakersfield . . . . .	1430 Truxtun Avenue
Burbank . . . . .	333 North Glenoaks Blvd.
Fresno . . . . .	2550 Mariposa Street
Long Beach . . . . .	245 West Broadway
Los Angeles . . . . .	300 South Spring Street
Oakland . . . . .	1970 Broadway
Sacramento . . . . .	8745 Folsom Boulevard
San Bernardino . . . . .	215 North D Street
San Diego . . . . .	5353 Mission Center Road
San Francisco . . . . .	Office to be relocated*
San Jose . . . . .	96 North Third Street
Santa Ana . . . . .	600 West Santa Ana Blvd.
Santa Barbara . . . . .	360 South Hope Avenue
Santa Rosa . . . . .	50 D Street
Stockton . . . . .	31 East Channel Street
West Covina . . . . .	100 North Barranca Street

\* For address information, call our F.A.S.T. (Fast Answers about State Taxes) toll-free phone number at 1-800-338-0505 (enter code 214 after you reach the number). You must have a push-button tone phone to use F.A.S.T. If you have a rotary dial or nontone phone, see "Regular Toll-Free Phone Service" information.